

MONTANA LEGISLATIVE HISTORY

Chapter 453 1987

Bill H 512 S _____ Original bill & history X C

H. Committee on Taxation

S. Committee on Taxation

Hearing Date(s) 2/16 X C

Hearing Date(s) 2/24 X C

3/10 X C no minutes

_____ C

_____ C

Date Out 3-10 _____ C no minutes

Did this bill originate in an interim committee? _____ Yes _____ No

Committee _____

Report _____

HOUSE FINAL STATUS

1/28 REFERRED TO STATE ADMINISTRATION
 1/28 FISCAL NOTE REQUESTED
 REQUEST CANCELLED
 2/04 HEARING
 2/04 COMMITTEE REPORT--BILL NOT PASSED
 2/05 ADVERSE COMMITTEE REPORT ADOPTED 88 10

HB 511 INTRODUCED BY DRISCOLL, ET AL.
 REQUIRE SPECIAL EDUCATION PROGRAMS FOR HANDICAPPED
 CHILDREN BETWEEN AGES OF 3 AND 6 BY 1990

1/28 INTRODUCED
 1/28 REFERRED TO EDUCATION & CULTURAL RESOURCES
 1/28 FISCAL NOTE REQUESTED
 2/03 FISCAL NOTE RECEIVED
 2/04 HEARING
 2/17 COMMITTEE REPORT--BILL PASSED AS AMENDED
 2/19 2ND READING PASSED AS AMENDED 81 10
 2/21 3RD READING PASSED 72 20

TRANSMITTED TO SENATE
 2/23 REFERRED TO EDUCATION & CULTURAL RESOURCES
 3/09 HEARING
 3/11 COMMITTEE REPORT--BILL CONCURRED
 3/17 2ND READING CONCURRED 48 0
 3/19 3RD READING CONCURRED 46 3

RETURNED TO HOUSE
 3/23 SIGNED BY SPEAKER
 3/24 SIGNED BY PRESIDENT
 3/25 TRANSMITTED TO GOVERNOR
 3/28 SIGNED BY GOVERNOR
 CHAPTER NUMBER 258 EFFECTIVE DATE: 10/01/87

HB 512 INTRODUCED BY REAM, ET AL.
 IMPOSING A FEE IN LIEU OF TAX ON AIRCRAFT; EXEMPTING
 AIRCRAFT FROM PROPERTY TAX

1/28 INTRODUCED
 1/28 REFERRED TO TAXATION
 1/28 FISCAL NOTE REQUESTED
 2/03 FISCAL NOTE RECEIVED
 2/16 HEARING
 3/10 COMMITTEE REPORT--BILL PASSED AS AMENDED
 3/13 2ND READING PASSED 94 2
 3/14 3RD READING PASSED 94 2

TRANSMITTED TO SENATE
 3/16 REFERRED TO TAXATION
 3/24 HEARING
 3/24 COMMITTEE REPORT--BILL CONCURRED
 3/31 2ND READING CONCURRED 50 0
 4/01 3RD READING CONCURRED 47 2

RETURNED TO HOUSE
 4/03 SIGNED BY SPEAKER
 4/06 SIGNED BY PRESIDENT
 4/06 TRANSMITTED TO GOVERNOR
 4/09 SIGNED BY GOVERNOR
 CHAPTER NUMBER 453 EFFECTIVE DATE: 10/01/87

HB 513 INTRODUCED BY DAILY, ET AL.

HOUSE BILL NO. 512

INTRODUCED BY REAM, SCHYE, BRANDEWIE, GILBERT, KOLSTAD,
CRIPPEN, LYNCH

IN THE HOUSE

JANUARY 28, 1987

INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

MARCH 10, 1987

COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

MARCH 11, 1987

PRINTING REPORT.

MARCH 13, 1987

SECOND READING, DO PASS.

MARCH 14, 1987

ENGROSSING REPORT.

THIRD READING, PASSED.
AYES, 94; NOES, 2.

TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 16, 1987

INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

MARCH 24, 1987

COMMITTEE RECOMMEND BILL BE
CONCURRED IN. REPORT ADOPTED.

MARCH 31, 1987

SECOND READING, CONCURRED IN.

APRIL 1, 1987

THIRD READING, CONCURRED IN.
AYES, 47; NOES, 2.

RETURNED TO HOUSE.

IN THE HOUSE

APRIL 1, 1987

RECEIVED FROM SENATE.

SENT TO ENROLLING.

1 *House* BILL NO. *512*
 2 INTRODUCED BY *Dean Selby Brundage*
 3 *Gilbert K. Gilbert*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT IMPOSING A FEE IN LIEU
 5 OF TAX ON AIRCRAFT OTHER THAN AIRLINES; EXEMPTING AIRCRAFT
 6 OTHER THAN AIRLINES TAXABLE UNDER THE PROVISIONS OF
 7 15-23-401 THROUGH 15-23-403, MCA, FROM PERSONAL PROPERTY
 8 TAXATION; PROVIDING FOR COLLECTION AND DISTRIBUTION OF THE
 9 FEE IN LIEU OF TAX ON AIRCRAFT; CHANGING THE PENALTY FOR
 10 FAILURE TO REGISTER AN AIRCRAFT; AMENDING SECTIONS 15-6-138,
 11 15-8-111, 15-24-304, 17-7-502, 67-3-201, AND 67-3-202, MCA;
 12 REPEALING SECTION 15-6-210, MCA; AND PROVIDING AN
 13 APPLICABILITY DATE."

14
 15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

16 NEW SECTION. Section 1. Registration application --
 17 payment of fees -- deposit of fees. (1) The owner of an
 18 aircraft subject to the fee in lieu of property tax must
 19 submit an application for registration or registration
 20 renewal to the department on or before March 1 of each year.
 21 The application must be accompanied by the fee in lieu of
 22 tax prescribed in [section 4].

23 (2) An aircraft subject to the fee in lieu of tax may
 24 not be registered until payment of the fee is made to the
 25 department.

1 (3) All fees paid to the department for registration
 2 must be deposited to the account established in [section 3].

3 NEW SECTION. Section 2. Fee in lieu of tax on
 4 registered aircraft -- decal. (1) Except as provided in
 5 subsection (3), aircraft required to be registered in
 6 Montana are subject to a license fee. The registration fee
 7 is in lieu of property tax.

8 (2) The department shall issue a decal to the owner of
 9 the aircraft required to be registered at the time of
 10 payment of the registration fee in lieu of tax, as provided
 11 in 67-3-201. No aircraft subject to a fee in lieu of tax may
 12 be operated in this state unless there is displayed on the
 13 aircraft a decal as visual proof that the fee in lieu of tax
 14 has been paid for the aircraft and that the aircraft is
 15 registered for the current year.

16 (3) Aircraft that meet the description of property
 17 described in 15-6-147 are exempt from the fee imposed by
 18 subsection (1). Aircraft subject to the fee in lieu of tax
 19 are exempt from all other taxation.

20 NEW SECTION. Section 3. Aircraft registration account
 21 -- source of funds -- allocation. (1) There is an account of
 22 the agency fund type, to which must be credited all money
 23 received from fees paid in lieu of tax on aircraft as
 24 required in this part and 15-24-304 and all penalties
 25 collected for registration violations as provided in

67-3-202.

(2) Money in the account is allocated as follows:

(a) 90% to the counties in the proportion that each county's collections bear to the total collections statewide; and

(b) 10% to the department for the purpose of administering and enforcing aircraft registration.

(3) The allocations required in subsection (2)(a) must be made twice annually by the department. The first allocation must be made between March 15 and March 30 and the second allocation must be made between July 1 and July 15.

(4) The allocation required in subsection (2)(b) must be made on July 1 of each year.

(5) On receipt of the money allocated as provided in subsection (2)(a), the county treasurer shall distribute the money in the relative proportions required by the levies for state, county, school district, and municipal purposes in the same manner as personal property taxes are distributed.

(6) The allocations required in subsection (2) are considered statutory appropriations as described in 17-7-502.

NEW SECTION. Section 4. Schedule of fees in lieu of tax for aircraft. (1) The appropriate fee in lieu of tax imposed on aircraft must be determined from the following

schedule:

	YEARS				
	0 - 5	6 - 10	11 - 20	21 - 30	31 - 40
Single engine, fixed gear, 200 horsepower and under					
	300	175	100	50	25
Single engine, fixed gear, over 200 horsepower					
	500	250	150	75	50
Single engine, retractable gear, 200 horsepower and under					
	600	300	175	100	75
Single engine, retractable gear, over 200 horsepower					
	700	400	200	125	100
Multi-engine, piston engine					
	800	500	250	175	150
Helicopter, piston engine					
	700	450	225	150	125
Single engine jet helicopter, prop jet					
	1,500	700	450	300	175
Multi-engine jet helicopter, prop jet					
	2,000	1,000	600	400	200
Jet engine, no propeller					
	3,000	1,500	800	500	250

(2) The fee in lieu of tax imposed on any glider, ultralight, gyrocopter, balloon, homebuilt aircraft, antiques, or any aircraft over 40 years old is \$20.

Section 5. Section 15-6-138, MCA, is amended to read:

1 "15-6-138. Class eight property -- description --
 2 taxable percentage. (1) Class eight property includes:
 3 (a) all agricultural implements and equipment;
 4 (b) all mining machinery, fixtures, equipment, tools,
 5 and supplies except:
 6 (i) those included in class five; and
 7 (ii) coal and ore haulers;
 8 (c) all manufacturing machinery, fixtures, equipment,
 9 tools, and supplies except those included in class five;
 10 (d) all trailers up to and including 18,000 pounds
 11 maximum gross loaded weight, except those subject to a fee
 12 in lieu of property tax;
 13 ~~(e) -- aircraft;~~
 14 ~~(f)~~ (e) all goods and equipment intended for rent or
 15 lease, except goods and equipment specifically included and
 16 taxed in another class; and
 17 ~~(g)~~ (f) all other machinery except that specifically
 18 included in another class.
 19 (2) Class eight property is taxed at 11% of its market
 20 value."
 21 Section 6. Section 15-8-111, MCA, is amended to read:
 22 "15-8-111. Assessment -- market value standard --
 23 exceptions. (1) All taxable property must be assessed at
 24 100% of its market value except as provided in subsection
 25 (5) of this section and in 15-7-111 through 15-7-114.

1 (2) (a) Market value is the value at which property
 2 would change hands between a willing buyer and a willing
 3 seller, neither being under any compulsion to buy or to sell
 4 and both having reasonable knowledge of relevant facts.
 5 (b) Except as provided in subsection (3), the market
 6 value of all motor trucks; agricultural tools, implements,
 7 and machinery; and vehicles of all kinds, including but not
 8 limited to ~~aircraft~~ and boats and all watercraft, is the
 9 average wholesale value shown in national appraisal guides
 10 and manuals or the value of the vehicle before
 11 reconditioning and profit margin. The department of revenue
 12 shall prepare valuation schedules showing the average
 13 wholesale value when no national appraisal guide exists.
 14 (3) The department of revenue or its agents may not
 15 adopt a lower or different standard of value from market
 16 value in making the official assessment and appraisal of the
 17 value of property in 15-6-134 through 15-6-140 and 15-6-145
 18 through 15-6-149, except:
 19 (a) the wholesale value for agricultural implements
 20 and machinery is the loan value as shown in the Official
 21 Guide, Tractor and Farm Equipment, published by the national
 22 farm and power equipment dealers association, St. Louis,
 23 Missouri; and
 24 (b) for agricultural implements and machinery not
 25 listed in the official guide, the department shall prepare a

supplemental manual where the values reflect the same depreciation as those found in the official guide.

(4) For purposes of taxation, assessed value is the same as appraised value.

(5) The taxable value for all property in classes four through eleven and fifteen through nineteen is the percentage of market value established for each class of property in 15-6-134 through 15-6-141 and 15-6-145 through 15-6-149.

(6) The assessed value of properties in 15-6-131 through 15-6-133 is as follows:

(a) Properties in 15-6-131, under class one, are assessed at 100% of the annual net proceeds after deducting the expenses specified and allowed by 15-23-503.

(b) Properties in 15-6-132, under class two, are assessed at 100% of the annual gross proceeds.

(c) Properties in 15-6-133, under class three, are assessed at 100% of the productive capacity of the lands when valued for agricultural purposes. All lands that meet the qualifications of 15-7-202 are valued as agricultural lands for tax purposes.

(d) Properties in 15-6-143, under class thirteen, are assessed at 100% of the combined appraised value of the standing timber and grazing productivity of the land when valued as timberland.

(7) Land and the improvements thereon are separately assessed when any of the following conditions occur:

(a) ownership of the improvements is different from ownership of the land;

(b) the taxpayer makes a written request; or

(c) the land is outside an incorporated city or town.

(8) The taxable value of all property in 15-6-131 and classes two, three, and thirteen is the percentage of assessed value established in 15-6-131(2), 15-6-132, 15-6-133, and 15-6-143 for each class of property. (Subsections (3)(a) and (3)(b) applicable to tax years beginning after December 31, 1985--sec. 4, Ch. 463, L. 1985. Subsection (6)(d) and references in (8) to class thirteen and 15-6-143 terminate January 1, 1991--sec. 10, Ch. 681, L. 1985.)"

Section 7. Section 15-24-304, MCA, is amended to read:

"15-24-304. Prorated taxes fee in lieu of tax -- aircraft. (1) A person who acquires an aircraft required to be registered under subsections (2) through (6) of 67-3-201 after March 1 in any year shall register the aircraft within 30 days of acquiring it. ~~The county assessor shall--prorate the personal property tax due on the aircraft for the remaining portion of the year in the manner provided in 15-24-303.~~

(2) ~~The fee in lieu of tax must be prorated for~~

1 aircraft registered for a period less than 1 year in the
 2 same manner as personal property taxes are prorated in
 3 15-24-303.

4 (3) A person failing to register an aircraft within 30
 5 days following acquisition of the aircraft or bringing the
 6 aircraft into the state for commercial purposes is subject
 7 to the penalty provided in 67-3-202.

8 (4) A person owning a migratory aircraft shall
 9 register as prescribed in 67-3-201(5) and pay the fee in
 10 lieu of tax."

11 Section 8. Section 17-7-502, MCA, is amended to read:

12 "17-7-502. Statutory appropriations -- definition --
 13 requisites for validity. (1) A statutory appropriation is an
 14 appropriation made by permanent law that authorizes spending
 15 by a state agency without the need for a biennial
 16 legislative appropriation or budget amendment.

17 (2) Except as provided in subsection (4), to be
 18 effective, a statutory appropriation must comply with both
 19 of the following provisions:

20 (a) The law containing the statutory authority must be
 21 listed in subsection (3).

22 (b) The law or portion of the law making a statutory
 23 appropriation must specifically state that a statutory
 24 appropriation is made as provided in this section.

25 (3) The following laws are the only laws containing

1 statutory appropriations:

2 (a) 2-9-202;

3 (b) 2-17-105;

4 (c) 2-18-812;

5 (d) 10-3-203;

6 (e) 10-3-312;

7 (f) 10-3-314;

8 (g) 10-4-301;

9 (h) 13-37-304;

10 (i) 15-31-702;

11 (j) 15-36-112;

12 (k) 15-70-101;

13 (l) 16-1-404;

14 (m) 16-1-410;

15 (n) 16-1-411;

16 (o) 17-3-212;

17 (p) 17-5-404;

18 (q) 17-5-424;

19 (r) 17-5-804;

20 (s) 19-8-504;

21 (t) 19-9-702;

22 (u) 19-9-1007;

23 (v) 19-10-205;

24 (w) 19-10-305;

25 (x) 19-10-506;

(y) 19-11-512;

(z) 19-11-513;

(aa) 19-11-606;

(bb) 19-12-301;

(cc) 19-13-604;

(dd) 20-6-406;

(ee) 20-8-111;

(ff) 23-5-612;

(gg) 37-51-501;

(hh) 53-24-206;

(ii) [section 3];

{iiz}{jj} 75-1-1101;

{jjj}{kk} 75-7-305;

{kkk}{ll} 80-2-103;

{lzz}{mm} 80-2-228;

{mmn}{nn} 90-3-301;

{nnn}{oo} 90-3-302;

{oob}{pp} 90-15-103; and

{ppp}{qq} Sec. 13, HB 861, L. 1985.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state

treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for such payments."

Section 9. Section 67-3-201, MCA, is amended to read:

"67-3-201. Aircraft registration and licensing required. (1) Except as provided in 67-3-102 and in subsection ~~{7}~~ (6) of this section, a person may not operate or cause or authorize to be operated a civil aircraft within this state unless the aircraft has an appropriate effective registration, license, certificate, or permit issued or approved by the United States government which has been registered with the department and the registration with the department is in force.

(2) Aircraft customarily kept in this state ~~shall~~ must be registered on or before March 1 of each year with the department, which may must charge a fee therefor ~~of not more than--\$10~~ according to the fee schedule in [section 4]. The registration ~~shall~~ must be renewed annually on or before March 1 each year.

(3) Section 67-3-202 and subsections (2) through ~~{7}~~ (6) of this section ~~shall~~ do not apply to:

(a) aircraft owned and operated by the federal government, the state, or any political subdivision thereof.

(b) aircraft owned and held by an aircraft dealer solely for the purpose of resale;

(c) aircraft operated by an airline company and regularly scheduled for the primary purpose of carrying persons or property for hire in interstate or international transportation; or

(d) dismantled or otherwise nonflyable aircraft.

(4) An aircraft ~~shall~~ must be registered as property within in a particular county of the state. This county ~~shall~~ must be the county of the owner's principal residence, if the owner is a natural person, or the owner's principal place of doing business in the state, if the owner is not a natural person. However, if the owner declares by affidavit that the aircraft is customarily kept at a landing facility in another county within the state, he may register the aircraft as property within such other county.

~~{5}--Except-as-provided-in-15-6-210, all aircraft shall be subject to all state, county, and school district tax levies and all other levies designated for aircraft or airport-related uses. Such aircraft shall not be liable for other city tax levies.~~

~~{6}{5}~~ Aircraft not registered in the state but entering the state to engage in commercial operations shall be registered prior to commencing operation.

~~{7}{6}~~ Owners of ultralight aircraft for which no

appropriate effective license, certificate, or permit is issued by the United States government shall pay the fee required in [section 4] and file with the department an appropriate registration recognized and approved by the United States government."

Section 10. Section 67-3-202, MCA, is amended to read:

"67-3-202. Penalty for registration violations. (1)

When an aircraft required to be registered under the provisions of subsections (2) through {7} ~~{6}~~ of 67-3-201 is not registered on or before March 1 of the current calendar year, a ~~penalty fee of \$100 shall of five times the annual registration fee provided in [section 4] must~~ be added to the registration fee and collected. Registration of an aircraft in the name of the applicant for the year immediately preceding the year for which application for registration is made shall be prima facie evidence that the aircraft has been based in this state during the year for which application for registration is made.

~~{2}--Except-for-aircraft-exempt-from-property-taxation as provided in 15-6-210, an application for registration shall be accompanied by a copy of the receipt for or statement of personal property tax paid, signed by the treasurer of the county where the aircraft is registered, or a statement of lien assignment against real property, signed by the county assessor where the aircraft is registered. A~~

1 person-who-pays-personal-property-tax-on-his-aircraft-to-any
2 jurisdiction--other--than--the--county-where-the-aircraft-is
3 required-to-be-registered-is-liable--for--the--tax--in--that
4 county-without-credit-for-such-other-taxes-paid--in-addition
5 to--this-civil-liability,-a-person-who-attempts-to-establish
6 the-situs-of-his-aircraft-in-any-jurisdiction-other-than-the
7 county-where-the-aircraft-is-required-to-be-registered--with
8 intent--to-avoid-payment-of-taxes-to-that-county-commits-the
9 offense-of-false-swearing-as-defined-in-45-7-202-

10 (3)(2) A person who owns or causes or authorizes an
11 aircraft to be operated or who operates an aircraft required
12 to be registered in the state without having displayed upon
13 such aircraft a certificate of registration issued by the
14 department for that aircraft commits a misdemeanor."

15 NEW SECTION. Section 11. Codification instruction.
16 Sections 1 through 4 are intended to be codified as an
17 integral part of Title 67, chapter 3, part 2, and the
18 provisions of Title 67, chapter 3, apply to sections 1
19 through 4.

20 NEW SECTION. Section 12. Repealer. Section 15-6-210,
21 MCA, is repealed.

22 NEW SECTION. Section 13. Applicability. This act
23 applies to taxable years beginning after December 31, 1987,
24 and to aircraft registered on or after January 1, 1988.

25 NEW SECTION. Section 14. Extension of authority. Any

1 existing authority of the department of commerce or the
2 department of revenue to make rules on the subject of the
3 provisions of this act is extended to the provisions of this
4 act.

-End-

DESCRIPTION OF PROPOSED LEGISLATION:

An act imposing a fee in lieu of tax on aircraft other than airlines; exempting aircraft other than airlines taxable under the provisions of 15-23-401 through 15-23-403, MCA, from personal property taxation; providing for collection and distribution of the fee in lieu of tax on aircraft; changing the penalty for failure to register an aircraft; amending sections 15-6-138, 15-8-111, 15-24-304, 17-7-502, 67-3-201, and 67-3-202, MCA; repealing section 15-6-210, MCA; and providing an applicability date.

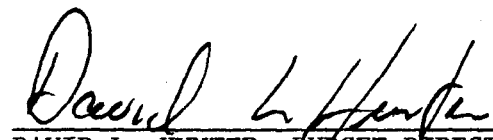
ASSUMPTIONS:

1. Average mills for aircraft in the 56 counties is 251.42 mills (University levy = 6 mills, school equalization = 45 mills).
2. Total taxable value in FY86 on aircraft under current law is \$4,715,980. Assume the same taxable value for FY88 and FY89.
3. The 1,825 total number of aircraft currently registered would remain constant in FY88 and FY89.
4. 1,825 total aircraft would generate \$230,915 in fees in both FY88 and FY89. 90% (\$207,824) of the fee revenue is allocated in the relative proportions to taxing jurisdictions. 10% (\$23,091) is allocated to the Department of Commerce for administering and enforcing aircraft registration.
5. The Department of Commerce estimates that the administration costs of the proposed legislation would be \$54,949 in both FY88 and FY89. Current law costs are \$6,368 in both FY88 and FY89.

FISCAL IMPACT:

	FY88			FY89		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
<u>Expenditures:</u>						
Department of Commerce						
Aircraft Registration	\$ 6,368	\$ 54,949	\$ 48,581	\$ 6,368	\$ 54,949	\$ 48,581

NOTE: Available funding for administering and enforcing aircraft registration would be \$23,091 per year based on the 10 percent specification in the bill. Department of Commerce indicated they would need \$54,949 per year for administration. This leaves a deficit of \$31,858.

 DATE 2/3/87
DAVID L. HUNTER, BUDGET DIRECTOR
Office of Budget and Program Planning

 DATE 2/4/87
BOB REAM, PRIMARY SPONSOR

Fiscal Note for HB512, as introduced.

HB 512

Fiscal Note Request, HB512, as introduced.

Form BD-15

Page 2

Revenues:

University Levy	\$ 28,296	\$ 4,135	(\$ 24,161)	\$ 28,296	\$ 3,969	(\$ 24,327)
School Equalization	<u>212,219</u>	<u>31,014</u>	<u>(181,205)</u>	<u>212,219</u>	<u>29,773</u>	<u>(182,446)</u>
TOTAL	\$ 240,515	\$ 35,149	(\$ 205,366)	\$ 240,515	\$ 33,742	(\$206,773)

According to the FAA, 3,320 airplanes should be registered in Montana. If this legislation increases compliance of aircraft registering, revenues will be increased by \$3,700 each year for the University Levy and \$27,700 each year for School Equalization. Local revenue would be increased by \$157,800 in each year.

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

The proposed legislation would decrease revenues to local governments by \$172,675 in FY88 and \$174,082 in FY89.

STATUS SHEET

50th LEGISLATIVE SESSION

TAXATION

COMMITTEE

HOUSE BILL NUMBER	ENTERED COM. DATE	DATE CON- SIDERED	OUT OF COM.	DO PASS DATE	DO NOT PASS DATE	DO PASS AS AMENDED DATE	DO NOT PASS AS AMENDED DATE	BE CON- CURRED IN DATE	BE NOT CON- CURRED IN DATE	BE CON- CURRED IN AMENDED DATE	BE NOT CONCURRED IN AS AMENDED DATE
456	1/26/87	1/28/87	2/13/87	tabled as amended							
457	1/26/87	2/10/87		2/10/87							
494	1/27/87	2/6/87	tabled								
496	1/27/87	2/17/87	tabled								
512	1/28/87	2/16/87				3/10/87					
513	1/29/87	2/6/87				2/13/87					
515	1/29/87	2/12/87	3/17/87	tabled							
520	1/29/87	2/12/87	3/18/87	tabled							
523	1/29/87	2/10/87	3/12/87	referred to Appropriations							
525	1/29/87	2/12/87	2/12/87	tabled							
527	1/29/87	2/16/87	3/19/87	tabled							
539	1/30/87	2/10/87				2/18/87					
544	1/30/87	2/20/87			3/18/87						
545	1/30/87	2/20/87	3/18/87	tabled							

se a separate sheet for Senate Bills, House Bills, and Resolutions.

MINUTES OF THE MEETING
TAXATION COMMITTEE
50TH LEGISLATIVE SESSION
HOUSE OF REPRESENTATIVES

February 16, 1987

The meeting of the Taxation Committee was called to order by Chairman Ramirez on February 16, 1987, at 8 a.m. in Room 312B of the State Capitol.

ROLL CALL: All members were present. Also present was Dave Bohyer, Researcher, Legislative Council.

CONSIDERATION OF HOUSE BILL NO. 565: Rep. Paul Pistoria, House District #36, sponsor of HB 565, told the Committee the bill is identical to HB 851 which was killed last session. He said the bill would tax private school buses and provided Exhibit #1 in support of the bill. Rep. Pistoria said counties will lose \$256,000 in revenue, according to the fiscal note, and added that he personally observed private use of three buses, licensed as school buses, in the Great Falls area.

PROPONENTS OF HOUSE BILL NO. 565: Gene Phillips, Flathead 4-H Foundation, said he was originally opposed to the bill, but would support it with the changes made.

Gordon Morris, Montana Association of Counties, stated his support of the bill.

OPPONENTS OF HOUSE BILL NO. 565: HB 565 was originally scheduled for hearing on February 10, 1987. Because the sponsor had a conflict that date, and because opponents would not be able to return for a rescheduled hearing, their testimony was heard on February 10, 1987.

QUESTIONS ON HOUSE BILL NO. 565: Rep. Raney asked how exemptions were determined now. Greg Groepper, DOR replied that DOR takes the work of the bus companies and depends upon the public for policing bus use. He stated that DOR has reversed a few exemptions, adding that the situation is fairly difficult to monitor.

Rep. Asay asked how great the number of violations is. Greg Groepper replied his office receives 6-7 calls per year.

CLOSING ON HOUSE BILL NO. 565: Rep. Pistoria asked the Committee to give the bill favorable consideration, and closed without further comment.

CONSIDERATION OF HOUSE BILL NO. 512: Rep. Bob Ream, House District #54, sponsor of HB 512, provided amendments (Exhibits #2 and #3), and told the Committee taxation of aircraft

is not a new issue. He said he believes it is time to lower the tax on aircraft and substitute a fee in lieu of taxes. Rep. Ream also provided a county-wide comparison of taxes on aircraft (Exhibit #4).

Rep. Ream commented that the fiscal note shows 3,320 registered aircraft in the state, but only 1,825 of those are registered by Montanans. He said revenue would be returned to the state if legislation were passed to entice aircraft owners to register such craft in Montana.

PROPOSERS OF HOUSE BILL NO. 512: Steve Brown, Montana Pilots Association and Montana Aviation Trades Association, stated his support of the bill.

Ted Mathis, Gallatin Field airport manager, and Chairman, Montana Aeronautics Board, read from a prepared statement in support of the bill (Exhibit #5), and provided a statement from Bruce-Andersen Co. (Exhibit #6).

Mike Riggerstaff, Montana Aviation Trades Association, read from a prepared statement in support of the bill (Exhibit #7).

Bill Bartlette, Corporate Air, Billings, also read from a prepared statement (Exhibit #8).

John Crowley, Washington Construction, read from a prepared statement in support of the bill (Exhibit #9). He said his company presently owns two jets, and paid \$17,000 in taxes on a 19 year old plane and \$12,000 on a 14 year old plane. Mr. Crowley said Idaho taxes each aircraft at a flat fee of \$100, and that his company pays \$1.5 million in taxes in Montana. He stated such an amount is unreasonable and that Washington Construction is considering moving its planes to a base in Idaho. He urged the Committee to give the bill favorable consideration.

Jim Pickens, Salt Lake City and native Montanan, told the Committee he sells turbo-prop aircraft. He explained that a new King aircraft purchased in Montana would be taxed at \$89,000, or \$220 per hour in personal property taxes.

Gordon Berry, Kalispell retail merchant said he was recently forced to sell his plane because he could not afford to pay the Montana tax.

Ray Thompson, Semi-Tool, Kalispell, advised the Committee his business has brought \$70 million into the state, with 35% of business coming from Europe and 30% from the San Francisco area. He explained he is forming a new business, Semi-Therm, which will be 8-10 times larger than Semi-Tool, and is looking at headquartering the business in Idaho, because of the tax situation in Montana.

Steven Baldwin, Aerotronics, Billings, said he sells and services aircraft radio systems in the state, and that in the past two years he has experienced a 40% reduction in gross revenue sales. Mr. Baldwin stated he was forced to close his Great Falls office and to reduce his staff by two persons in Missoula. He said aviation is a large industry in Montana and that those aircraft owners who do not register in Montana put the burden on others in the state who do. Mr. Baldwin provided copies of pamphlets for committee review (Exhibit #8).

Bill Rodgers, Lewistown, Chairman of the helicopter division of the Montana Aviation Trades Association, said he paid \$219,000 for a new helicopter 8 years ago, and was taxed \$7,900 in 1986. He said the tax in Oregon for the same aircraft is \$90, giving Oregon operators a contract advantage for government work.

Willie Grimby, Lewistown, told the Committee he has operated his own flying services for 27 years. He said the Montana tax makes operating costs higher and puts Montana operators at a disadvantage in competing with out of state operators. Mr. Grimby stressed that fees for older aircraft and ultra-light aircraft need to be addressed in the bill.

Fred Lark, Montana Aeronautics Division board member, and representative of the Montana Pilots Association, told the Committee he is in the broadcasting business and travels the U.S. He said general aviation is a tool for use of capital and recommended that the Committee pass the bill in an effort to create a pro-business environment.

Bob Dorn, Co-pilot, United Industry, Billings, advised that 1986 taxes represented 30% of operating costs, or \$152 per hour, at \$40,000 annual tax, to his business. He explained that in a recent survey, it was found that 6 of 9 aircraft in the state are not registered in Montana. He urged the Committee to support the bill.

Robert L. Johnston, Lewistown attorney, told the Committee 11 of his clients are appealing aircraft taxes right now. He said DOR selects only parts of aircraft blue books for appraisal, and suggested that a fee system would eliminate the possibility of litigation. He, too, urged the Committee to pass the bill.

Guy Wilson, Lewistown farmer, said he is seeking equity in taxation, and compared taxes on aircraft to those on farm equipment that he has been able to depreciate out, while taxes on the aircraft have increased.

Mike Ferguson, Administrator, Aeronautics Division, Department of Commerce, said it is impossible right now to make certain that every aircraft in Montana is registered.

OPPONENTS OF HOUSE BILL NO. 512: Dave Hartman, Executive Secretary, Montana Education Association, said passage of HB 512 would result in a reduction of \$1.5 million in educational funding.

QUESTIONS ON HOUSE BILL NO. 512: Rep. Gilbert stated that if registration of aircraft in Montana were properly enforced, there would be no financial threat to funding of education. Mr. Ferguson replied that 40-50% of aircraft in the state are not registered in Montana, which is quite an offset.

Rep. Hoffman asked what percent of ad valorem tax a fee would be. Rep. Ream replied it would be about one-third of the present tax.

Rep. Patterson asked if the fee would be based upon electrical equipment in the plane as well. Rep. Ream replied it would not, and said such equipment is not taken into consideration under present assessment procedures.

Chairman Ramirez asked Rep. Ream if he would be willing to make the bill effective, assuming a loss of revenue and either the passage of or a ballot on the sales tax. Rep. Ream replied he would be inclined to go with a fee system bill right now, even if the sales tax is imposed. He commented that the fee system could be adjusted downward later on, if necessary.

CLOSING ON HOUSE BILL NO. 512: Rep. Ream advised the Committee that aircraft are quite different from other Class 8 property, and said he believes the Aeronautics Division has the best handle on aircraft in Montana as well as seasonal operators. He stated that last year, more than 40 tax appeals were filed on aircraft in Montana, and that only 7 of 44 non-commercial aircraft parked at the Billings airport were registered in the state.

CONSIDERATION OF HOUSE BILL NO. 634: Rep. Orval Ellison, House District #81, sponsor of HB 634, said the bill addresses special mobile (SM) plates, which are not subject to the fee system. He explained the plates signify that personal property taxes on a piece of equipment have been paid, and are designed most specifically for road construction equipment.

PROPOSERS OF HOUSE BILL NO. 634: There were no proponents of the bill.

OPPONENTS OF HOUSE BILL NO. 634: There were no opponents of the bill.

QUESTIONS ON HOUSE BILL NO. 634: There were no questions on HB 634.

2-14-87
HB

DAILY ROLL CALL

HOUSE TAXATION COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 2-16-87

NAME	PRESENT	ABSENT	EXCUSED
REP. RAMIREZ	7		
REP. ASAY	7		
REP. ELLISON	7		
REP. GILBERT	7		
REP. HANSON	7		
REP. HARP			7
REP. HARRINGTON	7		
REP. HOFFMAN	7		
REP. KEENAN	7		
REP. KOEHNKE	7		
REP. PATTERSON	7		
REP. RANEY	7		
REP. REAM	7		
REP. SANDS	7		
REP. SCHYE	7		
REP. WILLIAMS	7		

2.13
HB 512
EX #2

#2
8-16-87
HB 512

HOUSE BILL 512 - Aircraft Fee

Summary by sponsor - Bob Ream

What does this bill do?

- Removes aircraft from class 8 property.
- Substitutes a fee in lieu of class 8 taxes.
- Gives Montana Aeronautics Division responsibility for collecting the fee.
- 90% of fees collected will go back to the counties where collected, and distributed as before.
- A penalty of five times the fee will be assessed to anyone that fails to register an aircraft.
- The fee will lower the effective tax rate on each aircraft.

Why do we need it?

- Montana aircraft taxes are way out of line with other states.
- Many aircraft have been moved out of Montana.
- The present system for assessing, collecting and enforcing the tax simply is not working because:
 - a. Many aircraft registered in Montana are not taxed (only 1825 of 3320 registered pay the tax.
 - b. Aircraft are very mobile personal property.
 - c. Aircraft are often moved to other states.
 - d. Aircraft are often kept at an airport away from the property owner, often in a different county.
 - e. The Montana Aeronautics Division registers aircraft, but taxation is carried out as with other property tax.
- Montana commercial aircraft operators are at a competitive disadvantage with seasonal operators from other states for spraying, fire surveys, fire fighting, and other contracts, because of our tax. Although, they are supposed to register their aircraft and pay the tax, most do not.

Bob Ream

PROPOSED AMENDMENTS

HB 512

#3
2-16-87
5/2

1. Page 2, lines 21 and 22.

Following: "account" on line 21

Strike: "of the agency fund type"

Insert: "in the state special revenue fund"

db/dw3\amends\h512-1

7
2-16-87
512

AIRCRAFT TAXES BY COUNTY

	81			82			83			84			APPROXIMATE TAXES		
PARK	0	0	0	0	1,000	198	0	0	0	0	0	0	15	343,689	37,797
PETROLEUM	4	23,007	2,531	3	15,310	1,684	5	24,323	2,676	5	27,470	3,023	0	19,683	2,154
PHILLIPS	40	964,262	106,069	40	661,027	72,713	40	657,585	72,332	51	717,081	78,886	49	584,306	64,280
POWDERA	22	375,100	41,261	22	272,500	29,976	21	248,494	27,334	26	751,364	82,650	21	290,664	31,973
POWDER RIVER	42	585,840	55,642	43	551,890	60,708	41	379,414	41,736	40	449,692	49,469	41	620,600	68,269
POMELL	5	73,750	8,113	6	35,327	3,806	3	12,971	1,427	9	169,610	18,657	6	115,500	12,749
PRAIRIE	0	93,183	10,250	9	76,870	8,456	10	89,304	9,823	10	91,073	10,010	8	83,625	9,134
RAVALLI	67	1,235,210	135,873	63	867,924	95,472	76	880,150	96,817	64	1,242,482	136,685	62	864,497	95,104
RICHLAND	35	1,000,410	110,045	0	938,459	103,230	0	329,716	36,259	0	1,331,127	146,392	0	621,657	68,387
ROOSEVELT	12	295,000	32,538	25	478,030	52,583	35	865,218	53,669	19	586,050	64,471	36	685,234	75,300
ROSEBUD	30	410,760	45,184	30	316,506	34,824	37	380,287	41,834	39	421,824	46,407	30	316,704	34,851
SANDERS	9	152,160	16,738	14	211,217	23,234	8	112,607	12,386	14	155,148	17,069	15	143,701	15,814
SHERIDAN	0	408,100	44,891	0	291,654	32,062	0	420,721	46,206	0	510,011	56,197	15	600,550	66,948
SILVER BOW	20	641,200	70,532	0	484,078	53,249	0	453,864	49,925	0	510,112	56,994	12	667,462	73,422
STILLWATER	0	289,575	31,853	13	195,396	21,494	3	180,511	19,855	13	226,536	24,919	19	223,879	24,629
SWEET GRASS	14	300,637	33,070	16	172,420	18,966	16	215,919	23,750	16	206,030	22,666	15	199,320	21,920
TETON	27	355,395	39,093	33	666,785	73,346	35	426,179	46,879	36	486,032	53,486	36	515,702	56,689
TOOLE	41	660,790	72,687	41	978,069	107,500	40	964,565	106,103	39	936,050	103,053	37	813,140	89,445
TREASURE	9	152,500	16,775	9	120,477	14,132	10	107,054	11,775	10	111,225	12,236	11	120,000	13,225
VALLEY	52	1,094,285	120,371	43	658,949	72,484	54	852,706	93,001	66	989,566	108,058	52	876,429	96,414
WHEATLAND	4	56,000	6,160	4	40,136	4,415	3	30,022	3,303	5	45,776	5,037	6	38,420	4,228
WIBAUX	10	89,005	9,791	9	90,606	9,967	8	69,750	7,685	9	67,505	7,430	9	69,360	7,632
YELLOWSTONE	182	10,949,182	1,204,410	209	12,484,258	1,373,268	224	12,566,149	1,382,206	229	12,896,607	1,418,666	200	10,139,328	1,115,347
TOTAL	1515	44,695,366	4,916,503	1511	43,187,348	4,750,608	1410	42,416,996	4,624,342	1783	49,990,719	5,499,157	1789	41,829,770	4,601,855

COUNTY	1981 NO.	APPRAISED VALUE	TAXABLE VALUE	1982 NUMBER	APPRAISED VALUE	TAXABLE VALUE	1983 NUMBER	APPRAISED VALUE	TAXABLE VALUE	1984 NUMBER	APPRAISED VALUE	TAXABLE VALUE	1985 NUMBER	APPRAISED VALUE	TAXABLE VALUE
BEAVERHEAD	41	953,815	106,020	38	956,558	105,221	28	647,632	71,239	28	428,203	47,105	25	366,992	40,371
BIG HORN	27	479,700	52,767	27	439,576	48,353	28	439,310	48,331	30	475,388	52,299	31	501,426	55,162
BLAINE	80	1,039,245	114,317	0	586,385	64,494	48	732,384	80,562	41	696,565	76,622	60	942,078	103,629
BROADWATER	0	1,080,001	118,800	0	65,497	7,205	0	178,349	19,618	0	68,750	7,563	0	84,750	9,323
CARBON	21	284,600	31,306	18	193,569	21,293	16	192,301	21,154	21	342,400	37,668	23	472,781	52,009
CARTER	32	346,850	38,154	31	327,540	36,829	30	285,900	31,449	15	228,500	25,144	27	269,750	29,684
CASCADE	54	4,949,685	544,465	77	5,090,642	647,971	0	6,018,623	662,051	116	4,787,990	526,687	110	3,235,645	355,933
CHOUTEAU	53	883,600	97,196	56	777,695	85,546	55	737,575	81,133	61	838,102	92,191	58	811,773	89,295
CUSTER	29	807,900	88,869	37	915,260	100,679	39	976,095	107,372	50	984,940	108,348	46	853,859	93,928
DANIELS	15	146,900	16,167	22	216,092	23,770	22	274,280	30,172	21	293,860	32,238	24	295,597	32,519
DAWSON	29	478,411	52,625	21	215,910	23,750	28	395,376	43,490	25	335,534	36,914	27	383,750	42,217
DEER LODGE	3	57,500	6,325	3	31,412	3,455	4	53,665	5,983	3	45,900	5,049	3	30,600	3,366
FALLON	43	669,425	73,637	34	464,903	51,139	36	524,560	57,699	41	613,409	67,401	38	557,290	61,385
FERUS	49	893,705	98,308	46	612,320	67,355	50	841,128	92,524	53	1,048,670	115,355	48	828,173	91,104
FLATHEAD	0	63,961	7,036	0	61,177	6,729	0	120,087	13,209	73	2,400,479	264,052	84	1,690,788	185,987
GALLATIN	57	1,819,744	200,172	92	2,237,165	246,088	49	1,473,490	162,014	62	1,410,056	155,994	97	2,384,929	253,552
GARFIELD	18	327,950	36,075	20	305,382	33,592	25	609,301	67,021	25	682,719	66,304	25	559,783	61,577
GLACIER	28	594,900	65,439	38	1,237,820	136,160	45	1,311,320	144,249	49	1,939,949	213,401	49	1,477,082	162,570
GOLDEN VALLEY	1	3,450	300	1	11,401	1,254	2	11,401	1,254	2	21,130	2,324	2	19,696	2,167
GRANITE	7	67,910	7,478	7	68,347	6,638	9	87,010	9,570	7	74,615	8,209	6	63,500	6,986
HILL	30	1,451,950	159,715	41	610,673	67,174	59	1,332,493	146,576	57	1,346,528	148,127	69	1,224,009	134,744
JEFFERSON	10	257,000	28,270	6	192,200	21,151	7	175,375	19,292	4	69,150	7,607	10	245,319	26,986
JUDITH BASIN	19	210,250	23,128	11	107,042	11,775	0	116,034	12,764	11	183,550	20,192	11	190,906	21,009
LAKE	23	543,870	59,826	17	388,847	33,973	20	383,767	33,415	38	622,011	68,424	32	595,475	65,958
LEWIS AND CLARK	46	1,329,645	146,261	57	2,102,097	231,231	49	1,017,558	111,932	73	2,438,303	268,214	0	1,204,247	132,467
LIBERTY	10	145,200	15,972	5	153,735	16,911	0	196,840	21,654	16	277,271	30,505	23	373,006	41,032
LINCOLN	25	397,950	43,775	28	326,292	35,092	0	278,757	30,661	0	324,188	35,666	0	280,770	30,889
MADISON	21	514,000	56,540	23	375,125	41,264	24	431,500	47,476	23	419,031	46,096	24	416,594	45,825
MC CONE	37	443,478	48,783	30	296,515	32,617	31	254,433	27,993	36	346,380	38,107	32	337,310	37,106
MEADER	9	81,020	8,912	11	548,072	60,208	9	68,935	7,583	8	73,830	8,122	9	87,230	9,597
MINERAL	0	18,500	2,035	3	9,950	1,095	0	10,607	1,167	2	0,736	961	6	28,909	3,100
MISSOULA	75	3,035,600	333,916	68	1,774,605	195,207	0	1,686,746	185,542	73	2,020,993	223,109	75	1,758,400	193,425
MUSSELSHELL	10	181,500	19,965	11	157,768	17,354	20	366,647	40,332	19	1,270,322	139,738	12	374,135	41,154

215
 14910
 74

TESTIMONY IN FAVOR OF HB512

"An Act Imposing a Fee in Lieu of Tax on Aircraft"
by Ted Mathis, Chairman, Montana Board of Aeronautics

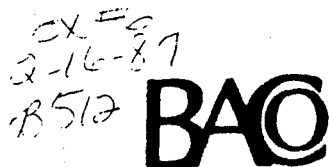
My name is Ted Mathis. I am the Airport Manager at Gallatin Field, Bozeman, and serve as Chairman of the Montana Board of Aeronautics and President of the Montana Airport Management Association representing the airport operators of our state.

The State Aeronautics Board has representatives from: Montana's Fixed Base Operators and Flying services, Montana Pilots Association, Airlines serving Montana, League of Cities and Towns, State Chamber of Commerce, County Commissioners, Aviation Education, and the Montana Airport Management Association. The Aeronautics Board unanimously supports this bill as does the Montana Airport Management Association.

In recent years we have seen a terrible outward migration of general aviation aircraft and associated jobs. We have also witnessed corporate officials who were considering basing aircraft in Montana, take their aircraft and associated jobs elsewhere once they discovered how much the tax bill would be in Montana. At our airport, the number of based aircraft has dropped from 117 to 87 in the past two years. Other airports throughout the state report similar declines.

If our valuable general aviation industry is going to continue to provide service to Montana and jobs for Montanans, we must have a more equitable tax system for these aircraft.

We urge your favorable support of House Bill 512.



#6
2-16-87
512

Bruce-Andersen Co., Inc.

STATEMENT BY

BRUCE-ANDERSEN CO., INC.

IN SUPPORT OF HOUSE BILL ~~572~~
512

Bruce-Andersen Co., Inc., is a Small Business Construction Company with its Home Office in Bozeman, Montana.

It performs construction work throughout Western United States. While good business and economics would suggest establishing its main office in California, it maintains its Main Office in Bozeman only because the owners of the company like the life style there. The company employs 10 local people and pays State Income Taxes and local Property Taxes.

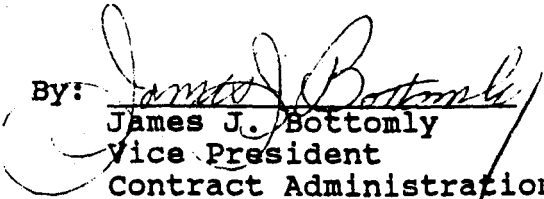
To maintain its office in Bozeman and to administer its construction work in other states, it has acquired a Cessna Citation corporate jet. It pays in excess of \$18,000 a year in local property taxes.

This is excessive and oppressive--no adjoining state charges this size of tax. It is anti-small business. It is this type of tax treatment that scares off small business from the state.

House Bill 572 is an equitable approach to this problem. It deserves your support.

BRUCE-ANDERSEN CO., INC.

BY:


James J. Bottomly

Vice President

Contract Administration

7
SUMMARY OF TESTIMONY BEFORE THE HOUSE TAXATION COMMITTEE ON HB512,
FEBRUARY 16, 1987

House Bill 512 will result in everyone who owns an aircraft in Montana paying an equitable annual fee. This bill is much more than a revenue bill it addresses a very serious commerce issue, the ability of corporations to operate from Montana. Passage of this bill will:

1. Keep aircraft and jobs in Montana.
2. Allow aviation business in Montana to compete with operators in neighboring states.
3. Foster and promote additional aircraft to base in Montana.
4. Be equitable to all aircraft owners.
5. Be easier to enforce.

HB512 is not revenue neutral but neither is the current law. Aircraft are leaving the state and lowering the tax base. For example, the taxable value of aircraft in Cascade county has gone from \$662,000 in 1983 to \$356,000 in 1985. In Yellowstone county it went from \$1,419,000 in 1984 to 1,115,000 in 1985.

The legislature can take action now and by imposing realistic fees on aircraft keep the aircraft and jobs in Montana or do nothing and lose the revenue by losing the tax base.

HISTORY:

In 1978 an attempt was made to lower taxes on aircraft when the tax on Class 8 property was changed from 20% to the current 11%. At the same time the way aircraft were appraised was changed. This change increased the appraised value of aircraft by 268%. The net result was that in 1978, 180 fewer aircraft were on the tax rolls but the taxable value of those aircraft increased by more than 1-million dollars.

Department of Revenue figures show that the taxable value of aircraft has remained relatively unchanged since 1978, although there were 251 more aircraft paying taxes in 1985 than in 1978. This is the issue. Aircraft of higher value are being registered in adjoining states where registration and/or taxes are significantly lower.

<u>YEAR</u>	<u>NUMBER</u>	<u>APPRAISED VALUE</u>	<u>TAXABLE VALUE</u>
1975	1,400	\$12,343,952	\$2,468,781
1976	1,527	13,909,967	2,781,993
1977	1,708	16,637,630	3,327,526
1978	1,528	39,896,057	4,388,569
1979	1,520	40,613,239	4,467,456
1980	1,455	39,058,875	4,296,476
1981	1,515	44,695,436	4,916,503
1982	1,511	43,187,348	4,750,608
1983	1,410	42,416,996	4,624,342
1984	1,783	49,990,719	5,499,157
1985	1,789	41,829,770	4,601,855

Taxation in Surrounding States conducted by the Montana Department of Aeronautics February 1986)

Current Tax Structure Inequitable: Currently only about 57% of Montana aircraft owners are paying taxes. Federal Aviation Administration records indicate that 3,800 aircraft are registered in Montana. Although some of these aircraft might have been sold or have left the state, the Department of Aeronautics estimates that there are between 3,000 and 3,200 aircraft in the state.

Department of revenue figures show that 1,825 aircraft were taxed last year.

Enforcement: Current law is not enforceable as evidenced by the fact that almost half of the aircraft registered in Montana are not being taxed and the cost of enforcement under current law is excessive considering the amount of tax generated. County assessors had to prepare for appeal hearings involving almost one third of the aircraft assessed last year.

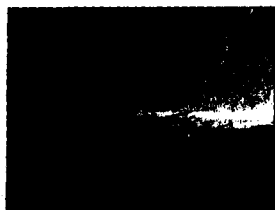
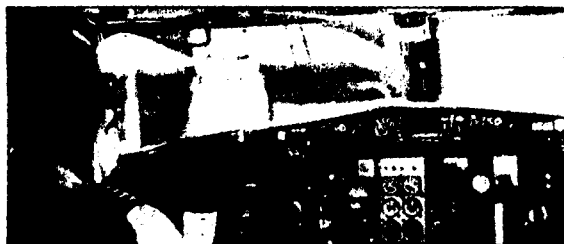
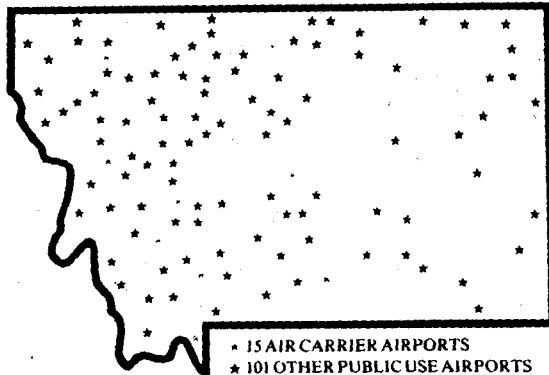
HB512 transfers responsibility for enforcement from the Department of Revenue to the Department of Aeronautics. The Department of Aeronautics has access to the information necessary to find and bill current aircraft owners.

HB512 also provides for the paying of a fee by transient aircraft which will enable Montana businesses to compete on the same basis with out of state operators

HB314 NOT THE ANSWER TO THE AIRCRAFT TAX PROBLEM:

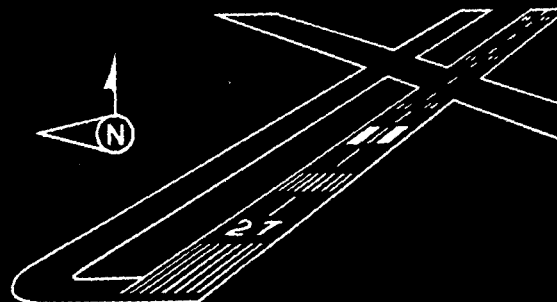
HB314 would lower Class 8 property taxes from 11% to 6%. Although this bill would provide a great amount of tax relief to other Class 8 property owners it would not solve the commerce issues of aircraft. Nor would HB314 address the equity problems caused by the lack of depreciation in aircraft values.

Lowering the tax on a corporate jet from \$100,000 to \$55,000 would not bring aircraft back to the State. Lowering operating costs to pay taxes from \$79 to \$43 per hour for a helicopter operator will still not allow him to be competitive with out of state operators. Only HB512 will accomplish this.



116 PUBLIC USE AIRPORTS in Montana geographically cover all sections of Big Sky country. Certainly without aviation the economy, as we know it, would not exist. Business requires the advantages of air transportation. People depend upon it. Everyone benefits because the airport and aviation are vital:

- It means time and lives saved
- It means freedom and mobility
- It means recreation and tourism
- It means products and jobs



LOCAL AIRPORT IMPACT

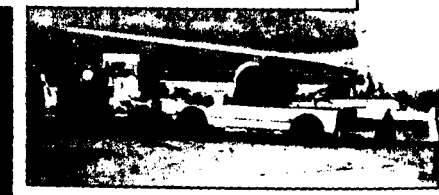


DIRECT AIRPORT EXPENDITURES	\$
LOCAL PURCHASES BY VISITORS	\$
INDUCED ADDITIONAL LOCAL RESPENDING	\$
TOTAL AIRPORT ECONOMIC EFFECT	\$
AIRPORT JOBS	
TOTAL LOCAL JOBS DUE TO AIRPORT	

FOR MORE INFORMATION CONTACT: _____

GROWTH AND DEVELOPMENT of Montana is directly intertwined with aviation. A key factor in any business decision to expand or relocate involves the health of area air transportation. *It's a fact — Montana airports attract economic growth.* The challenge is to continue to build on the state's vital aviation resource to the benefit of all.

MONTANA'S AIRPORTS MEAN BUSINESS!

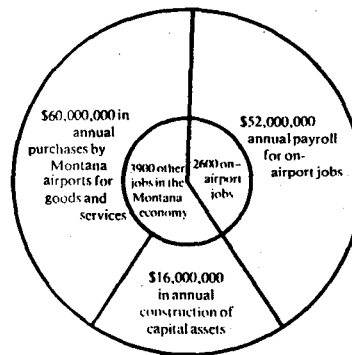


EX # 8
48-572
2-16-87

#8
216-87

AVIATION IN MONTANA is far more than a vital mode of transportation—it is an important industry that *means millions to communities* across the state and over *half a billion dollars to the statewide economy*. To measure this impact, the Montana Airport Management Association commissioned a 1985 study and airport survey by Venture Research Corporation. This information was developed with methodology assistance from the Illinois Department of Transportation, the National Aircraft Owners and Pilots Association, The Montana Department of Travel Promotion, and the United States Travel Data Center.

WE ALL DEPEND UPON AVIATION.



EMPLOYMENT ON AIRPORTS in Montana results in significant impact to local economies. 2600 men and women work directly on airports for the airfield or its tenant businesses. Annual payroll for these people reaches 52 million dollars. For each on-airport job, another 1½ jobs are created in the local economy making the full effect of aviation related employment at 6500 jobs. This important industry is the livelihood and the support for approximately 20,000 Montanans.



ECONOMIC IMPACT RELATED TO AIRPORTS can be viewed in three parts: (1) Direct dollars which are the expenditures of the "Providers" of airport and aviation services, (2) Indirect dollars which are the purchases of the "Users" of aviation services, and (3) Induced impact or the "Spinoff" multiplier effect of dollars being spent and respent within the local economy.

Total Impact of Montana Airports in 1985 was conservatively calculated from survey to be:

+ \$132.2	million of Direct airport expenditures
+ \$88.1	million of Indirect purchases by users of airports
+ \$363.5	million of Induced spending by others in the community
= \$583.8	million annual statewide Economic Benefit of Airports

WITH OVER HALF A BILLION DOLLARS of *annual statewide economic impact*, the aviation industry is a key business segment. Each year Montana aviation is:

- An employer of 6500 of your friends and neighbors
- A purchaser of \$60 million of goods and services
- An investor of \$16 million in capital assets
- A taxpayer of \$4.2 million in aircraft property taxes and state income taxes

And revenues to support airports stem largely from charges to those who directly use the airport, such as airlines, other terminal tenants, and on-site businesses.

FLIGHT ACTIVITY IS GROWING at Montana airports. Each day 120 airline flights by 8 different air carriers move 4500 passengers and hundreds of tons of cargo. General aviation airports across the state accommodate 900 business flights daily. In one year's time, 1.6 million airline passengers and 1 million light plane passengers pass through state airports.

4-7
5-12
6-87

#9
2-16-87
512

<u>Market Value Statewide</u>	<u>% Market Value</u>	<u>% Taxable Value</u>	<u>Average Mils</u>	<u>Total Tax 1986</u>
27.7 billion all classes	100		256	590.94 million
18.9 billion classes 3,4, 12, 13 and 14	68.2	35.5		210.03 million
7.85 classes (5-11) (15-19)	28	33.9		200.38 million
.95 classes 1 and 2	3.8	30.6		180.53 million

Assumptions based on statewide average mill levy of 256 mils.

<u>Property Classes</u>	<u>Effective tax rate as a % of Market Value.</u>	<u>Tax Relief/Year in millions</u>	<u>Taxes paid 1986</u>	<u>% Cut</u>
(5-11) (15-19)	2.55	0	200.38 million	0.0
	2.00	43.22	157.16 million	21.6
	1.75	62.86	137.52 million	31.4
	1.5	82.51	117.87 million	41
	1.25	102.15	98.23 million	51
3, 4, 12, 13, and 14	1.11	0.00	210.03 million	0
	1.00	20.80	189.22 million	10
	.90	39.74	170.29 million	19
	.80	58.66	151.37 million	28
	.75	68.12	141.91 million	32

All figures based on an average statewide mill levy of 256 mils.

Basis of this information supplied by LFA.

Property Tax Class	Market Value Tax Year 1986	Tax Rate	Taxable Value Tax Year 1986
1 Net Proceeds	\$560,268,212	100.00%	\$560,268,212
2 Gross Proceeds	\$400,437,981		\$144,795,713
3 Ag Land	\$460,867,721	30.00%	\$141,288,692
4 Other Land and Improvements	\$16,073,681,443	3.86%	\$602,998,059
5 Co-ops/New Industry	\$1,017,759,625	3.00%	\$30,553,404
6 Livestock	\$732,937,708	4.00%	\$31,066,368
7 Small Telephone & Electric Co-ops	\$97,704,115	8.00%	\$8,869,910
8 Agric & Mining Equip	\$1,332,920,075	11.00%	\$201,737,378
9 Commercial Prop	\$363,744,728	13.00%	\$47,418,731
10 Other Property	\$183,970,398	16.00%	\$29,543,467
11 Centrally Assessed	\$2,839,632,550	12.00%	\$340,547,997
12 Mobile Homes	\$391,017,456	3.86%	\$15,365,175
13 Timberland	\$171,873,763	3.84%	\$5,600,120
14 Improvements on Ag Land	\$1,788,492,241	3.088%	\$55,176,802
15 Railroads	\$698,690,259	12.00%	\$83,847,680
16 Noncommercial Personal	\$46,319,142	11.00%	\$5,095,158
17 Airlines	\$33,634,675	12.00%	\$4,056,518
18 Mining Claims	\$0	30.00%	\$0
19 Nonproductive Real <20 acres	\$5,909	2.00%	\$118
TOTAL	\$27,695,957,996		\$2,308,229,522
Classes 3, 4, 12, 13 and 14	\$18,885,932,629 68.19%	4.34%	\$820,428,848 35.54%
Classes 5,6,7,8,9,10,11,15,16,17,18,19	\$7,849,319,174 28.34%	9.97%	\$782,735,749 33.91%
Classes 1, 2	\$960,705,193 3.47%	73.39%	\$705,063,925 30.55%



**GREAT
FALLS AREA
CHAMBER OF COMMERCE**

P.O. BOX 2127
926 CENTRAL AVENUE
GREAT FALLS, MONTANA 59403
(406) 761-4434

2-16-87
512

February 2, 1987

TO: House Taxation Committee
Cascade County Legislative Delegation

FROM: Roger W. Young, President

SUBJECT: AIRCRAFT TAXATION REFORM

Following a recommendation from the Transportation Committee, the Chamber's Board of Directors went on record to endorse HB 512 sponsored by Rep Bob Ream which would replace the property tax on non-airline aircraft with a sliding fee scale based on the type and age of aircraft. For example, the charge for a new corporate jet would drop from a property tax of about \$100,000 to a \$3,000 fee. The same aircraft would be taxed only about \$125 in Idaho, Oregon and Washington. The Transportation Committee maintained that although this represents a loss of revenue to state and local governments, the revenue is being lost anyhow. Due to the high unfair rates, the state is having fewer and fewer aircraft to tax, especially the more expensive corporate jets which are being based out of state.

CONSULTANTS:

- Airport
- Industrial
- Planning
- Research

MONGER
AND
Associates

Post Office Box 597 • Phone 406-388-1882
Belgrade, MT 59714

February 4, 1987

RE: H B 512

MEMO TO: Dorothy B. Dick C. Walter S. John V. Norm W.
FROM: Jim Monger

2-16-87
5/2

Good morning Gallatin Representatives,

First, and most important, you are doing great and hang in there!

House Bill 512 is beyond a doubt the BEST piece of aircraft taxation legislation I've seen introduced in twenty years.

It will result in everyone who owns an aircraft paying an equitable annual fee. The way it is now, the personal property tax imposed on aircraft in Montana has caused major businesses, such as some Super Markets and Banks, and many other big money folks and corporations, to avoid taxes by basing their aircraft in neighboring states when they should be in Montana. As much as I hate to say it, this truly is an example of what we have all been accused of, and that is having an anti business attitude in Montana.

The existing law also causes many Montanans who own aircraft, to simply not register them, thus avoiding the exorbitant property tax. Sure its illegal, but its easy, and maybe as many as 40% of all aircraft owners in the state have been caught up into this dishonest practice. They feel the gamble of being caught is no big deal because the penalty isn't that bad, and they know no-one is enforcing it. This would not be true with the registration fee as set forth in H B 512.

Anyway the new bill will:

- A. Be equitable to all aircraft owners, jets as well as cubs.
- B. Foster and promote additional aircraft to base in Montana.
- C. Create new aircraft purchasing in Montana.
- D. Be easier to enforce the new law.
- E. Will in time, result in even a greater fee income as compared to the present tax income paid by a few.

When House Bill 512 goes into committee and when it hits the floor, I respectfully urge your support to it's passage.

If at any time I can be of assistance to any of you, please give me a call.

Thank you for your interest and time.

Mike - This also went to some of the House Tax Comm. — give a copy to Bob Howard please don't have his address

Regards

Jim



FSC SECURITIES
CORPORATION

Paul R. Palmer
Registered Representative
(406) 752-1400

EXHIBIT
DATE 2-16-87
HB

417 East Idaho, Suite
Post Office Box 307
Kalispell, MT. 59903-307

Thursday
December 11, 1986

State of Montana
Aeronautics Division
ATTN: Mike Ferguson
P. O. Box 5178
Helena, MT 59604

RE: Airplane Taxation

Dear Mike:

As in the past, we are asking for your assistance. Enclosed, herewith, you will find a letter accompanied by many signatures which protest the current Montana taxation system for airplanes. Although this represents only a small portion of the people that are against the present structure, it can give you an idea of the type of public input that would be available if needed.

Please see that the technical advisory committee for the aviation board is given a copy as well as any other board or government body that could influence a positive decision.

Respectfully submitted,

Paul Palmer

Paul R. Palmer

PRP/sp

enc.



October 03, 1986

TO WHOM IT MAY CONCERN, AND WE DO HOPE YOU ARE CONCERNED:

We, the undersigned, respectfully solicit your support in providing EQUITABLE TAXATION OF AIRPLANES.

Points to consider:

- A. Planes are excessively taxed when compared with other transportation of similar value (motor homes and automobiles).
- B. Although planes are taxed as farm machinery (which they are not) the depreciation schedule allowed for the machinery is NOT allowed for aircraft, book value is used instead.
- C. Montana is isolated because of the geographic location, minimal highways, and lack of population. Does it make sense to penalize a system that can provide a key for obtaining business and tourism?
- E. The airports in Montana are largely supported by the FAA, thus providing opportunity for economic growth at a minimum cost to the state.

PLEASE draft and support a legislative bill that will make taxation bearable!

RECOMMENDATION:

Tax aircraft in the same class as a motor vehicle with a maximum limit equal to the same laws governing the RV's within our state.

Do not increase the aviation gas tax, it is already to a rate that should be considered maximum.

Thank you for giving attention to a very important but understated problem.

SUBMITTED BY THE FLATHEAD HANGAR OF THE MONTANA PILOT ASSOC. AND CONCERNED CITIZENS.

Long I. Shuk
Chester E. Severson
John Martin
Karen Slack
Larry Hunkeler
Mark Stimpert
Frank Boylan
Donald D. Ross
Wayne Just
Mike Munk
Ricky Myers
Charles Hansen
Tom Scott
Don Claypool
Bill Barba
J. Bergman
John W. Hanson
A. R. Chilcald
Estle Hunt
Joy E. Smith
Young Bair
Chuck Koelke
Robert Kille

425 Sanders Dr. Kalispell

308 Forest Hills Village Kalispell

645 6TH AVE. W. KALISPELL MT.

425 Sanders Dr. Kalispell, MT

2040 Farm to Market Rd

811 Yeoman Hall Rd, Kalispell, MT

1314 4th St. West, Kalispell, MT

810 5th Ave West Kalispell, MT

1086 N. Main St. Kalispell, MT

645 Shadow Lane Kalispell, MT

737 6AVE E KALISPELL MT

Box 86 Cut Bank, MT. 59428

642 Virginia Ave Kal. 752-3193

1520 Hwy 2 west Kal
West Shon Polson MT.

20 Dancer Dr.
4402 College Ave, KALISPELL, MT

4120 HWY 2 EAST KAL. MT

195 Missy Lane Whitefish, MT.

90 Pleasant View Dr., Kalispell, MT.

2186 Farm to Market Rd. Kalispell

329 3rd Ave E. # 2 Kalispell

4976 WHITEFISH ST. Rd. Col. Hill

(MORE NAMES ON BACK)

Anne W. Hines 110 Beach Road
 Steel King Box 609 E. Ka. Mt. 59901
 J. J. J. 33 Lower Valley Rd Kal Mt. 59901
 Mary O. Ferguson 30 Hillcrest Dr Kal mont

Fred Sand
 3151 LOWE LOST PRAIRIE ROAD
 MARION MT 59925

Paul R. Palmer

P.O. Box 3070
KALISPELL, MT

Theodore Ross

810-5th Ave. West
Kalispell, MT.

Arthur T. Thompson

624 Sylvan Ct
Kalispell MT 59901

John H. Williams

588 Aero Lane
Bigfork, MT 59911

Terrell Westphal

943 E. 2nd
W H & Dist Mt.

59937

John D. Stecher M.D.

245 THIRD AVE E. KALISPELL. 59901

Bruce C. McIntyre, M.D. Mt. Lake Hosp. Bldg. Lodge

W. N. McIntyre 150 Aurora Dr., Libby 59922

James J. Fleming 140 Sherry Ln. Kalispell MT 59901

Gilma J. Fleming 140 Sherry Ln. Kalispell, Mt. 59

Sandra D. Palmer P.O. Box 3070, Kalispell, MT 59903

Dick Brady

1026 1/2 4th ST. W. Kalispell, MT. 59901

Pieter M. Grent.

149

Main str.

Kalispell Mont

Myron Strand

Marilyn Strand

William L. Hodgkiss

Carl J. Heat

Bill Werner

Sam M. Keller

John A. Hanson

TO THE MONTANA STATE LEGISLATORS

EXHIBIT
DATE 2-16-57

We, the pilots and taxpayers of Montana, strongly urge the enactment of the bill advocating a fixed Fee registration in lieu of the present unfair property tax being imposed on aircraft.

Passage of this bill would not only generate more aircraft and their related activity in the state, thereby creating a stronger business climate, but would also place Montana (although still higher), in closer parity to the fee other states collect.

Name	City	Phone No.	Name	City	Phone
Mont. R. W. Missoula	Missoula	549-0174	John Hedges	Bozeman	586-
Russ Enley	Missoula	72-1583	John Van Norden	Manhattan	284
Willis A. Mann	Helena	933-5774	William J. Jones	Bozeman	948-759
Harold H. Willett	Helena	458-5888	Robert R. Rutherford	Helena	443
Tom R. Johnson	Butte	336-3275	William M. Johns	Butte	782
W. H. H. H. H.	Butte	40-3530	W. H. H. H. H.	Bozeman	58
W. H. H. H. H.	Butte	549-2471	Kenneth C. Rogers	Helena	44
Lee W. Elwan	Butte	782-6825	John King	Manhattan	28
TERBY WUBBEN	3-FORKS	285-6733	Donald Moore	Livingston	22
Robert A. Joyner	Bozeman	587-0001	Ruth A. Williams	Bozeman	58
Jerry Jensen	Butte	222-6652	Robert J. McMillan	Bozeman	58

TO THE MONTANA STATE LEGISLATORS

We, the pilots and taxpayers of Montana, strongly urge the enactment of the bill advocating a fixed Fee registration in lieu of the present unfair property tax being imposed on aircraft.

Passage of this bill would not only generate more aircraft and their related activity in the state, thereby creating a stronger business climate, but would also place Montana (although still higher), in closer parity to the fee other states collect.

Name	City	Phone No.	Name	City	Phone No.
ERRY E. LEHR	BUTTE, Mont.	494-8468	KIRK CONWAY	HELENA MT	227-8444
Bill Anderson	9 E. LaPlata Butte	782-5759	Chris L. Linner	Bozeman	586-4400
Anna R. Harner	5910 Baker Rd Anaconda	563-5729	ASUZANNE NELLEN	BZN	537-92
John Lutz	1417 Lowell Butte	723-5754	William Gavin Bozeman		586-6372
A. P. Thier	140 Shurley Way Fairmont	797-5338	Lyle F. Clow	HELENA	458-9423
Bill Bowden	2707 ELM, BUTTE	782-8033	John E. Drummheller	BZN	586-6876
Ray E. Gray	Butte	494-8273	James H. Shearer	Bellevue	388-48
James P. Langhorne	Butte	792-5373	Robert C. Seifert	Bellevue	388-6
Cheryl M. Lehr	Butte	494-8468	Dorothy J. Powell	Helena	442-269
R. S. Osier	Butte, MT	782-2023	L. Edward Anderson	Bozeman	587-223
Robert Osier	Butte MT	782-2023	William E. Melman	Boz.	586-1245
Boyd Young	POH, MT	685-3387			

TO THE MONTANA STATE LEGISLATORS

We, the pilots and taxpayers of Montana, strongly urge the enactment of the bill advocating a fixed Fee registration in lieu of the present unfair property tax being imposed on aircraft.

Passage of this bill would not only generate more aircraft and their related activity in the state, thereby creating a stronger business climate, but would also place Montana (although still higher), in closer parity to the fee other states collect.

Name	City	Phone No.	Name	City	Phone
Ronald R. Carpenter	Ennis Mt	682-4117	Ellis W. Thompson	Virginia City	843-
Phil H. Linder	ENNIS, MT	59729 682-4679	L. Rode	ENNIS MT	682-72
Jim Muscat	Big Sky MT	59716-995-4089	Sammy Ydenak	Ennis M	682-7431 5
Nathan Lee	Bellevue	10559F 382-1328	Barry G. Bryan	ENNIS MT	682-7573
Bill W. Williams	Power MT	59762 467-2971	W. R.	Ennis	682-7748
Ed. D.	Power MT	59468 463-2545	Hugh W. Wells	Ennis	682-714
Robert H. Harris	ENNIS	682-9422	Les Burgeon	Ennis	682-7435
Philip H. Hanger	Three Forks MT	255-3598	Tommy Cooper	Ennis	682-746
Don S. Sand	3 Forks, MT	285-3678 843-5889	Joe Vignier	Ennis	682-716
Bob Thompson	Virginia City MT		William L. Kild	Ennis	682-4
W. L. White	Ennis	59729 682-4469	Hugh A. Lurie	Ennis	6
Mal H. Ood	Ennis				

TO THE MONTANA STATE LEGISLATORS

We, the pilots and taxpayers of Montana, strongly urge the enactment of the bill advocating a fixed Fee registration in lieu of the present unfair property tax being imposed on aircraft.

Passage of this bill would not only generate more aircraft and their related activity in the state, thereby creating a stronger business climate, but would also place Montana (although still higher), in closer parity to the fee other states collect.

NAME

CITY

PHONE

Patricia C. Kuntelt	Billings	763-4788
Leonard Healey	Belgrade	388-1538
Victor B. Lutz	Bozeman	728-7167
Victor B. Lutz	Bozeman	586-4931
Victor B. Lutz	Bozeman	586-8124
Victor B. Lutz	Bozeman	586-0050
Victor B. Lutz	Bozeman	581-0918
Victor B. Lutz	Bozeman	388-4152
Victor B. Lutz	Bozeman	000-7621
Victor B. Lutz	Bozeman	388-6733
Victor B. Lutz	Bozeman	587-5897
Victor B. Lutz	Bozeman	586-0300
Victor B. Lutz	Bozeman	995-4289
Victor B. Lutz	Bozeman	228-4364
Victor B. Lutz	Bozeman	755-2618
Victor B. Lutz	Bozeman	363-4146
Victor B. Lutz	Bozeman	782-9610

TO THE MONTANA STATE LEGISLATORS

We, the pilots and taxpayers of Montana, strongly urge the enactment of the bill advocating a fixed Fee registration in lieu of the present unfair property tax being imposed on aircraft.

Passage of this bill would not only generate more aircraft and their related activity in the state, thereby creating a stronger business climate, but would also place Montana (although still higher), in closer parity to the fee other states collect.

NAME	CITY	PHONE
Jim Gordon	Whitehall, MT	287-3832
W. D. Fremont	Bozeman, MT	578-2372
John McKenna	Bozeman, MT	587-5166
Bradley E. Thompson	Bozeman, MT	586-4234
James McChesney	Bozeman, MT	363-4804
Edna Lewis	Liberal, MT	358-6709
Donna Brinkman	Bozeman, MT	587-8681
Tanya G. Rose	Bozeman	566-8386
Walt C. Hay	Bozeman	388-1351
Joe Kelly	Bozeman	587-2180
BARRY WARBORTON	BOZEMAN	586-3234
Forrest Sanderson	Belgrade	388-4784
Robert L. [unclear]	Butte	782-3924
Allan L. Kelly	Butte	782-2019
John [unclear]	Helena	443-7487
Jim [unclear]	Butte	494-2733
David L. [unclear]	Butte	782-6582

TO THE MONTANA STATE LEGISLATORS

We, the pilots and taxpayers of Montana, strongly urge the enactment of the bill advocating a fixed Fee registration in lieu of the present unfair property tax being imposed on aircraft.

Passage of this bill would not only generate more aircraft and their related activity in the state, thereby creating a stronger business climate, but would also place Montana (although still higher), in closer parity to the fee other states collect.

NAME	CITY	PHONE
Burton & Kingman	BUTTE	723-5536
Dale A. Warner	BUTTE	723-7364
BOYLE	BUTTE	444-2455
Joe Charvat	BUTTE	494-2455
Edwards	BUTTE	782-0512
Stanley	BUTTE	441-3514
Dr. King	WHEAT	207-5250
James W.	Helena	443-3838
Mike Naegle	Helena	442-4380
Mike Mubrey	Helena	442-7450 (6)
Harold W. Hamner	Helena	442-3311
Cyril Bierwagner	Helena	443-7506
B. Johnson	Maney	9338335
McAdams	BUTTE	444-4701
David Gesser	BUTTE	423-7082
ROBERT M. M. M.	BOZEMAN	388,6787
Charlotte R. Pomeroy	LIVINGSTON, MT.	222-6824
Patty Mitchell	BOZEMAN	388-6787

TO THE MONTANA STATE LEGISLATORS

We, the pilots and taxpayers of Montana, strongly urge the enactment of the bill advocating a fixed Fee registration in lieu of the present unfair property tax being imposed on aircraft.

Passage of this bill would not only generate more aircraft and their related activity in the state, thereby creating a stronger business climate, but would also place Montana (although still higher), in closer parity to the fee other states collect.

NAME	CITY	Telephone #
Willard L. Kimby	LWT	535-5457
Fred Hillert	LWT	538-8345
Mike Biggerstaff	Stanford	566-2236

TO THE MONTANA STATE LEGISLATORS

We, the pilots and taxpayers of Montana, strongly urge the enactment of the bill advocating a fixed Fee registration in lieu of the present unfair property tax being imposed on aircraft.

Passage of this bill would not only generate more aircraft and their related activity in the state, thereby creating a stronger business climate, but would also place Montana (although still higher), in closer parity to the fee other states collect.

NAME

CITY

PHONE

Marcia Johnson

Butte

494-8030

Russell Johnson

Butte

494-8030

Nelly Casanto

Butte

723-7737

John H. Gilman

Butte

494-7060

John P. Roesti

Butte

494-3691

Fred Burrows

Butte

723-5544

Dave Holman

Butte

723-6614

Don Murphy

Butte

723-6109

W. J. Evans

Butte

494-3047

Wm. C. Hutz

Helena

559-3605

David A. Smith

Butte

494-3676

Wm. Hutz

Butte

723-0572

Charles C. Smith

Butte

451-5443

Wm. Hutz

Butte

MD

Penn P. Walden Butte 494-2022

Ed Shuman Butte 494-7121

Bob Becker Butte, MT 494-8131

Kenn C. J. Butte MT 782-2023

John McCall Butte MT 782-1432

TO THE MONTANA STATE LEGISLATORS

We, the pilots and taxpayers of Montana, strongly urge the enactment of the bill advocating a fixed Fee registration in lieu of the present unfair property tax being imposed on aircraft.

Passage of this bill would not only generate more aircraft and their related activity in the state, thereby creating a stronger business climate, but would also place Montana (although still higher), in closer parity to the fee other states collect.

NAME	CITY	PHONE
John H. Carbone	BZN	586-5649
William H. Hines	HARDY	638-4545
Harley A. Leach	BZN	587-8730
David O. Crump	BELGRADE	388-4883
Theodore E. Mathis	Belgrade	388-6632
Robert E. Kinner	MARLBOROUGH	282-7497
W. D. Smith	BOZEMAN	586-6428
Carol L. Litchfield	Belgrade	388-6827
John G. Landerdell	BZN	587-8681
Robert R. Green	Belgrade	388-4096
Karl Meyer	High Falls	727-4185
Robert E. Green	Three Forks MT	245-6949
King L. D. Dube	Ledger	627-2271
Jon Auble	BZN	587-0770
Don E. Langford	BZN	388-6759
W. L. Newby	Belgrade	388-6696
Don E. Elms	Belgrade	388-1922
Roger J. Strickley	Belgrade	388-4970

A-11112

City

Phone

FORECAST E. Fog

B2W MT

406-586-721

Shurtz

Carmel Springs, MT

406-548-135

John A. Green

Superior, MT

406-585-410

Ch. J. Noel

PLEASANT, MT

406-385-16

Support HB 512

EXHIBIT
PAGE 2-16-87
512

TO THE MONTANA STATE LEGISLATORS

We, the pilots and taxpayers of Montana, strongly urge the enactment of the bill advocating a fixed Fee registration in lieu of the present unfair property tax being imposed on aircraft.

Passage of this bill would not only generate more aircraft and their related activity in the state, thereby creating a stronger business climate, but would also place Montana (although still higher), in closer parity to the fee other states collect.

City	Phone No.	Name	City	Phone No.
Blue Gate	GTF 727-1231	John F. Brown	GTF	791-1643
Great Falls	761-8038	Prop. C. L.	GTF	761-1139
Sherry Meadows	G.F. 761-8038			1972605
Ray V. Moorhead	GTF 727-6518	John S. L.	GTF	727-2116
Ray V. Moorhead	GTF 761-4352			793-5793
Ray Beck	GTF 761-1580	Michael M. L.		453-6392
Dominique Bugner	GTF 452-0444	Unell Corn	GTF	727-0839
Diane Wooten	GTF 452-1403	Joe C. Luckman	GTF	761-0471
Gregory	GTF 761-7301	Michael D. Thorsen		
Richard D. Thorsen	GTF 727-7377	Philip Scott		
Tim Feltz	GTF 454-1449	Robert 2 W. J.	GTF	453-541

2.16.87

TO THE MONTANA STATE LEGISLATORS

We, the pilots and taxpayers of Montana, strongly urge the enactment of the bill advocating a fixed Fee registration in lieu of the present unfair property tax being imposed on aircraft.

Passage of this bill would not only generate more aircraft and their related activity in the state, thereby creating a stronger business climate, but would also place Montana (although still higher), in closer parity to the fee other states collect.

Name City Phone No.			Name City Phone No.		
Donald Peters	Helena	442-4099	Larry Kinner	GTF	452-252
Kyle A. Olson	HLN	443-4543	Kenneth D. Herbst	HLN	227-8732
Mal J. Bampf	HLN	443-4802	[Signature]	HLN	442-5574
Tom Houtman		449-8447	Jim Hill	HLN	NONE
Eric J. Johnson		323-2153	H. D. Hanson	Helena	7-5608
[Signature]			Robert L. Motes	HLN	227-8510
Kenneth C. Kelley			Charles D. Limenson		362-4529
[Signature]			HLN		442-4511
David L. La		442-6820	Thomas D. Kuecks		656-2415
William D. Abbott	Helena	449-6691	Gary Temple	Flaxville	229-3312
Charles L. West	Helena	449-6691			

2-16-87

TO THE MONTANA STATE LEGISLATORS

We, the pilots and taxpayers of Montana, strongly urge the enactment of the bill advocating a fixed Fee registration in lieu of the present unfair property tax being imposed on aircraft.

Passage of this bill would not only generate more aircraft and their related activity in the state, thereby creating a stronger business climate, but would also place Montana (although still higher), in closer parity to the fee other states collect.

Name	City	Phone No.	Name	City	Phone No.
Wilton Miller Anderson	Dillon, Mont.	683-4444	Bryan Beyer	Juin Bridges Mt	684-5465
Dillon Flying Service					587-3345
Indee Morris	Dillon, MT	683-5242	Paul J. Miller	Bozeman, MT	
			Ray Byrd	Dillon	683-5269
			JOHN JOHNSON	Dillon	683-1711
Bill	Dillon	683-2132	Gordy & Ernie Dillon		683-4020
Jack Lan	Dillon	683-5292	Jim Gray	Dillon, MT	683-3956
Ray Terrill	Dillon	683-5660			
Tom Helle	Dillon	683-6790			
Andy Yacobi		683-6780			
Wade Zue	Dillon	683-4668			
John	Dillon	683-2882			
John	Dillon	842-5577			

2-16-87

TO THE MONTANA STATE LEGISLATORS

We, the pilots and taxpayers of Montana, strongly urge the enactment of the bill advocating a fixed Fee registration in lieu of the present unfair property tax being imposed on aircraft.

Passage of this bill would not only generate more aircraft and their related activity in the state, thereby creating a stronger business climate, but would also place Montana (although still higher), in closer parity to the fee other states collect.

Name	City	Phone No.	Name	City	Phone No.
Eric Peterson	Elkhart	339-2222	ST. B. [unclear]	Cascade	468-747
[unclear]	[unclear]	[unclear]	[unclear]	[unclear]	745-3316
William F. Covey	GTF	452-8286	[unclear]	[unclear]	717-5555
Russ [unclear]	Gr. Falls	453-5271	Ray Brennan	[unclear]	452-5777
D.R. [unclear]	Gr. Falls	761-0187	[unclear]	[unclear]	151-1111
John H. Williams	Bozeman	837-4521	Jack Mahood	[unclear]	453-2966
Marion E. [unclear]	Gr. Falls	452-5511	George [unclear]	[unclear]	727-2096
[unclear]	GTF	727-3695	Shepherd W. [unclear]	GTF	761-2029
Lois Smith	GTF	727-3191	Paul C. [unclear]	[unclear]	727-8023
[unclear]	GTF	727-0797			
Harold L. [unclear]	Gr. Falls	452-4250			

TAXATION

VISITORS' REGISTER

COMMITTEE

2-16-87

512

BILL NO.

HB-512

DATE

2-16-87

SPONSOR

REAM

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
CARY DUNCAN	HELENA	X	
FRED LARK	LEWISTOWN	X	
Bill Rogers	Lewistown	X	
Bob Hamming	Helena	X	
Jim Steffert	Helena	X	
John Pickens	Salt Lake City	X	
Charles Rogers	Lewistown	X	
Guy Willson	Moore	X	
Mike Biggerstaff	Stanford	X	
Wilby Pimby	Lewistown	X	
RAY THOMPSON	KALISPELL	X	
John Temple	Helena	X	
Ed Mize	Kalispell	X	
John Crowley	Missoula	X	
STEVE BROWN	Mt. Pilots Assoc. Mt. Aviation Trades Assoc.	X	
Bob Doran	Billings	X	
LETA LIVOTI	Helena - Representative Helena Aviation - Dr. Felt	X	
Pat Doyle	TURNER MT	X	
John Doyle	Turner Mt.	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

2-16-87

TAXATION

COMMITTEE

512

BILL NO.

HB-512

DATE

2-16-87

SPONSOR

REAM

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Tom McGee	Helena		
Gordon Morris	MALCO		
Al & Bill Holter	Great Falls	✓	
Louis Mertzig	Anacosta	✓	
KATHRYN MERTZIG	ANACONDA	✓	
Marvin Barber	Missoula		✓
CHARK D. Rice	Anacosta	✓	
LARRY VIANO	Kalispell	✓	
JEFF MORRISON	HELENA	✓	
Myron K. Mike Strand	Kalispell	✓	
PAUL DRENNON	HELENA	✓	
Russell Dahl (MPA)	GLASGOW	✓	
ERIC RAEKE	BOZEMAN	✓	
HARRY E. NOEL JR.	BELGRADE	✓	
Robert A. Taylor	Bozeman	✓	
Donna Wilhelm	Helena	✓	
Clayton D. Wilhelm	Helena	✓	
Brenda Spivey	Helena	✓	
ROGER PHILLIPS	HELENA	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

TAXATION

VISITORS' REGISTER

2-16-87

COMMITTEE

5th

BILL NO.

HB 512

DATE

2-16-87

SPONSOR

REAM

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Bob Hays	7 West 11th St. Beloit	X	
Mike Ferguson	MT. AERONAUTICS	X	
STEVEN VOLD	2448 Tenthaven Bill. (Aerobics)	X	
BILL BARTLETT	CORPORATE AIR BILLING, MT	X	
DR. Sam Clayton	UNIVERSITY DRUGS	X	
Ralph Wyman	Bellingham, Mt.	X	
Bob Becker	Butte, MT.	X	
John Lutz	Butte, MT.	X	
ALLEN EISENBART	Butte, MT.	X	
Mike Warner	Butte	X	
Burton & Kingston	Butte	X	
John Patten	Denton, MT.	X	
Ken Schickel	Lewistown, MT.	X	
Robert H. Quinn	Butte, MT.	X	
John R. Johnson	Butte, MT.	X	
William H. Bowden	Butte, MT.	X	
Phil Paul	Butte, MT.	X	
TEED MATHIS	BELGRADE	X	
ROBERT L. JOHNSON	Lewistown	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FOR

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

TAXATION

2-16-87
113 512

BILL NO.

DATE _____

SPONSOR

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

STANDING COMMITTEE REPORT

March 10 19 87

Mr. Speaker: We, the committee on **TAXATION**

report **HOUSE BILL 512**

☒ do pass
☐ do not pass

☐ be concurred in
☐ be not concurred in

☒ as amended
☐ statement of intent attached

REP. JACK RAMIREZ

Chairman

IMPOSING A FEE ON LIEU OF TAX ON AIRCRAFT: EXEMPTING AIRCRAFT FROM PROPERTY TAX

Be Amended as follows:

1. Page 2, lines 21 and 22.

Following: "account" on line 21

Strike: "of the agency fund type"

Insert: " in the state special revenue fund"

MS

First

White

reading copy (_____)
color

1 HOUSE BILL NO. 512

2 INTRODUCED BY REAM, SCHYE, BRANDEWIE, GILBERT, KOLSTAD,
3 CRIPPEN, LYNCH

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT IMPOSING A FEE IN LIEU
6 OF TAX ON AIRCRAFT OTHER THAN AIRLINES; EXEMPTING AIRCRAFT
7 OTHER THAN AIRLINES TAXABLE UNDER THE PROVISIONS OF
8 15-23-401 THROUGH 15-23-403, MCA, FROM PERSONAL PROPERTY
9 TAXATION; PROVIDING FOR COLLECTION AND DISTRIBUTION OF THE
10 FEE IN LIEU OF TAX ON AIRCRAFT; CHANGING THE PENALTY FOR
11 FAILURE TO REGISTER AN AIRCRAFT; AMENDING SECTIONS 15-6-138,
12 15-8-111, 15-24-304, 17-7-502, 67-3-201, AND 67-3-202, MCA;
13 REPEALING SECTION 15-6-210, MCA; AND PROVIDING AN
14 APPLICABILITY DATE."

15
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

17 NEW SECTION. Section 1. Registration application --
18 payment of fees -- deposit of fees. (1) The owner of an
19 aircraft subject to the fee in lieu of property tax must
20 submit an application for registration or registration
21 renewal to the department on or before March 1 of each year.
22 The application must be accompanied by the fee in lieu of
23 tax prescribed in [section 4].

24 (2) An aircraft subject to the fee in lieu of tax may
25 not be registered until payment of the fee is made to the

1 department.

2 (3) All fees paid to the department for registration
3 must be deposited to the account established in [section 3].

4 NEW SECTION. Section 2. Fee in lieu of tax on
5 registered aircraft -- decal. (1) Except as provided in
6 subsection (3), aircraft required to be registered in
7 Montana are subject to a license fee. The registration fee
8 is in lieu of property tax.

9 (2) The department shall issue a decal to the owner of
10 the aircraft required to be registered at the time of
11 payment of the registration fee in lieu of tax, as provided
12 in 67-3-201. No aircraft subject to a fee in lieu of tax may
13 be operated in this state unless there is displayed on the
14 aircraft a decal as visual proof that the fee in lieu of tax
15 has been paid for the aircraft and that the aircraft is
16 registered for the current year.

17 (3) Aircraft that meet the description of property
18 described in 15-6-147 are exempt from the fee imposed by
19 subsection (1). Aircraft subject to the fee in lieu of tax
20 are exempt from all other taxation.

21 NEW SECTION. Section 3. Aircraft registration account
22 -- source of funds -- allocation. (1) There is an account of
23 the--agency--fund-type, IN THE STATE SPECIAL REVENUE FUND to
24 which must be credited all money received from fees paid in
25 lieu of tax on aircraft as required in this part and

1 15-24-304 and all penalties collected for registration
2 violations as provided in 67-3-202.

3 (2) Money in the account is allocated as follows:

4 (a) 90% to the counties in the proportion that each
5 county's collections bear to the total collections
6 statewide; and

7 (b) 10% to the department for the purpose of
8 administering and enforcing aircraft registration.

9 (3) The allocations required in subsection (2)(a) must
10 be made twice annually by the department. The first
11 allocation must be made between March 15 and March 30 and
12 the second allocation must be made between July 1 and July
13 15.

14 (4) The allocation required in subsection (2)(b) must
15 be made on July 1 of each year.

16 (5) On receipt of the money allocated as provided in
17 subsection (2)(a), the county treasurer shall distribute the
18 money in the relative proportions required by the levies for
19 state, county, school district, and municipal purposes in
20 the same manner as personal property taxes are distributed.

21 (6) The allocations required in subsection (2) are
22 considered statutory appropriations as described in
23 17-7-502.

24 NEW SECTION. Section 4. Schedule of fees in lieu of
25 tax for aircraft. (1) The appropriate fee in lieu of tax

1 imposed on aircraft must be determined from the following
2 schedule:

	YEARS				
	0 - 5	6 - 10	11 - 20	21 - 30	31 - 40
3 Single engine, fixed gear, 200 horsepower and under					
4 300	175	100	50	25	
5 Single engine, fixed gear, over 200 horsepower					
6 500	250	150	75	50	
7 Single engine, retractable gear, 200 horsepower and under					
8 600	300	175	100	75	
9 Single engine, retractable gear, over 200 horsepower					
10 700	400	200	125	100	
11 Multi-engine, piston engine					
12 800	500	250	175	150	
13 Helicopter, piston engine					
14 700	450	225	150	125	
15 Single engine jet helicopter, prop jet					
16 1,500	700	450	300	175	
17 Multi-engine jet helicopter, prop jet					
18 2,000	1,000	600	400	200	
19 Jet engine, no propeller					
20 3,000	1,500	800	500	250	

21 (2) The fee in lieu of tax imposed on any glider,
22 ultralight, gyrocopter, balloon, homebuilt aircraft,
23 antiques, or any aircraft over 40 years old is \$20.
24
25

Section 5. Section 15-6-138, MCA, is amended to read:

"15-6-138. Class eight property -- description -- taxable percentage. (1) Class eight property includes:

(a) all agricultural implements and equipment;

(b) all mining machinery, fixtures, equipment, tools, and supplies except:

(i) those included in class five; and

(ii) coal and ore haulers;

(c) all manufacturing machinery, fixtures, equipment, tools, and supplies except those included in class five;

(d) all trailers up to and including 18,000 pounds maximum gross loaded weight, except those subject to a fee in lieu of property tax;

~~(e) -- aircraft;~~

~~(f)~~(e) all goods and equipment intended for rent or lease, except goods and equipment specifically included and taxed in another class; and

~~(g)~~(f) all other machinery except that specifically included in another class.

(2) Class eight property is taxed at 11% of its market value."

Section 6. Section 15-8-111, MCA, is amended to read:

"15-8-111. Assessment -- market value standard -- exceptions. (1) All taxable property must be assessed at 100% of its market value except as provided in subsection

(5) of this section and in 15-7-111 through 15-7-114.

(2) (a) Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

(b) Except as provided in subsection (3), the market value of all motor trucks; agricultural tools, implements, and machinery; and vehicles of all kinds, including but not limited to ~~aircraft~~ and boats and all watercraft, is the average wholesale value shown in national appraisal guides and manuals or the value of the vehicle before reconditioning and profit margin. The department of revenue shall prepare valuation schedules showing the average wholesale value when no national appraisal guide exists.

(3) The department of revenue or its agents may not adopt a lower or different standard of value from market value in making the official assessment and appraisal of the value of property in 15-6-134 through 15-6-140 and 15-6-145 through 15-6-149, except:

(a) the wholesale value for agricultural implements and machinery is the loan value as shown in the Official Guide, Tractor and Farm Equipment, published by the national farm and power equipment dealers association, St. Louis, Missouri; and

(b) for agricultural implements and machinery not

1 listed in the official guide, the department shall prepare a
2 supplemental manual where the values reflect the same
3 depreciation as those found in the official guide.

4 (4) For purposes of taxation, assessed value is the
5 same as appraised value.

6 (5) The taxable value for all property in classes four
7 through eleven and fifteen through nineteen is the
8 percentage of market value established for each class of
9 property in 15-6-134 through 15-6-141 and 15-6-145 through
10 15-6-149.

11 (6) The assessed value of properties in 15-6-131
12 through 15-6-133 is as follows:

13 (a) Properties in 15-6-131, under class one, are
14 assessed at 100% of the annual net proceeds after deducting
15 the expenses specified and allowed by 15-23-503.

16 (b) Properties in 15-6-132, under class two, are
17 assessed at 100% of the annual gross proceeds.

18 (c) Properties in 15-6-133, under class three, are
19 assessed at 100% of the productive capacity of the lands
20 when valued for agricultural purposes. All lands that meet
21 the qualifications of 15-7-202 are valued as agricultural
22 lands for tax purposes.

23 (d) Properties in 15-6-143, under class thirteen, are
24 assessed at 100% of the combined appraised value of the
25 standing timber and grazing productivity of the land when

1 valued as timberland.

2 (7) Land and the improvements thereon are separately
3 assessed when any of the following conditions occur:

4 (a) ownership of the improvements is different from
5 ownership of the land;

6 (b) the taxpayer makes a written request; or

7 (c) the land is outside an incorporated city or town.

8 (8) The taxable value of all property in 15-6-131 and
9 classes two, three, and thirteen is the percentage of
10 assessed value established in 15-6-131(2), 15-6-132,
11 15-6-133, and 15-6-143 for each class of property.
12 (Subsections (3)(a) and (3)(b) applicable to tax years
13 beginning after December 31, 1985--sec. 4, Ch. 463, L. 1985.
14 Subsection (6)(d) and references in (8) to class thirteen
15 and 15-6-143 terminate January 1, 1991--sec. 10, Ch. 681, L.
16 1985.)"

17 Section 7. Section 15-24-304, MCA, is amended to read:

18 "15-24-304. Prorated ~~taxes~~ fee in lieu of tax --
19 aircraft. (1) A person who acquires an aircraft required to
20 be registered under subsections (2) through ~~(7)~~ (6) of
21 67-3-201 after March 1 in any year shall register the
22 aircraft within 30 days of acquiring it. ~~The county assessor~~
23 ~~shall--prorate the personal property tax due on the aircraft~~
24 ~~for the remaining portion of the year in the manner provided~~
25 ~~in 15-24-303.~~

(2) The fee in lieu of tax must be prorated for aircraft registered for a period less than 1 year in the same manner as personal property taxes are prorated in 15-24-303.

(3) A person failing to register an aircraft within 30 days following acquisition of the aircraft or bringing the aircraft into the state for commercial purposes is subject to the penalty provided in 67-3-202.

(4) A person owning a migratory aircraft shall register as prescribed in 67-3-201(5) and pay the fee in lieu of tax."

Section 8. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations:

(a) 2-9-202;

(b) 2-17-105;

(c) 2-18-812;

(d) 10-3-203;

(e) 10-3-312;

(f) 10-3-314;

(g) 10-4-301;

(h) 13-37-304;

(i) 15-31-702;

(j) 15-36-112;

(k) 15-70-101;

(l) 16-1-404;

(m) 16-1-410;

(n) 16-1-411;

(o) 17-3-212;

(p) 17-5-404;

(q) 17-5-424;

(r) 17-5-804;

(s) 19-8-504;

(t) 19-9-702;

(u) 19-9-1007;

(v) 19-10-205;

(w) 19-10-305;

1 (x) 19-10-506;
 2 (y) 19-11-512;
 3 (z) 19-11-513;
 4 (aa) 19-11-606;
 5 (bb) 19-12-301;
 6 (cc) 19-13-604;
 7 (dd) 20-6-406;
 8 (ee) 20-8-111;
 9 (ff) 23-5-612;
 10 (gg) 37-51-501;
 11 (hh) 53-24-206;
 12 (ii) [section 3];
 13 {ii}{jj} 75-1-1101;
 14 {jj}{kk} 75-7-305;
 15 {kk}{ll} 80-2-103;
 16 {ll}{mm} 80-2-228;
 17 {mm}{nn} 90-3-301;
 18 {nn}{oo} 90-3-302;
 19 {oo}{pp} 90-15-103; and
 20 {pp}{qq} Sec. 13, HB 861, L. 1985.
 21 (4) There is a statutory appropriation to pay the
 22 principal, interest, premiums, and costs of issuing, paying,
 23 and securing all bonds, notes, or other obligations, as due,
 24 that have been authorized and issued pursuant to the laws of
 25 Montana. Agencies that have entered into agreements

1 authorized by the laws of Montana to pay the state
 2 treasurer, for deposit in accordance with 17-2-101 through
 3 17-2-107, as determined by the state treasurer, an amount
 4 sufficient to pay the principal and interest as due on the
 5 bonds or notes have statutory appropriation authority for
 6 such payments."

7 Section 9. Section 67-3-201, MCA, is amended to read:
 8 "67-3-201. Aircraft registration and licensing
 9 required. (1) Except as provided in 67-3-102 and in
 10 subsection {7} (6) of this section, a person may not operate
 11 or cause or authorize to be operated a civil aircraft within
 12 this state unless the aircraft has an appropriate effective
 13 registration, license, certificate, or permit issued or
 14 approved by the United States government which has been
 15 registered with the department and the registration with the
 16 department is in force.

17 (2) Aircraft customarily kept in this state ~~shall~~ must
 18 be registered on or before March 1 of each year with the
 19 department, which may must charge a fee therefor ~~of not more~~
 20 ~~than--\$10~~ according to the fee schedule in [section 4]. The
 21 registration ~~shall~~ must be renewed annually on or before
 22 March 1 each year.

23 (3) Section 67-3-202 and subsections (2) through {7}
 24 (6) of this section ~~shall~~ do not apply to:

25 (a) aircraft owned and operated by the federal

government, the state, or any political subdivision thereof;

(b) aircraft owned and held by an aircraft dealer solely for the purpose of resale;

(c) aircraft operated by an airline company and regularly scheduled for the primary purpose of carrying persons or property for hire in interstate or international transportation; or

(d) dismantled or otherwise nonflyable aircraft.

(4) An aircraft ~~shall~~ must be registered ~~as property~~ within in a particular county of the state. This county ~~shall must~~ be the county of the owner's principal residence, if the owner is a natural person, or the owner's principal place of doing business in the state, if the owner is not a natural person. However, if the owner declares by affidavit that the aircraft is customarily kept at a landing facility in another county within the state, he may register the aircraft as property within such other county.

~~{5}--Except-as-provided-in-15-6-2107-all-aircraft-shall be-subject-to-all-state, county, and school district tax levies--and--all--other--levies--designated-for-aircraft--or airport-related-uses--Such-aircraft-shall-not-be-labile--for other-city-tax-levies--~~

~~{6}~~ (5) Aircraft not registered in the state but entering the state to engage in commercial operations shall be registered prior to commencing operation.

~~{7}~~ (6) Owners of ultralight aircraft for which no appropriate effective license, certificate, or permit is issued by the United States government shall pay the fee required in [section 4] and file with the department an appropriate registration recognized and approved by the United States government."

Section 10. Section 67-3-202, MCA, is amended to read:

"67-3-202. Penalty for registration violations. (1) When an aircraft required to be registered under the provisions of subsections (2) through ~~{7}~~ (6) of 67-3-201 is not registered on or before March 1 of the current calendar year, a penalty ~~fee-of-\$100-shall~~ of five times the annual registration fee provided in [section 4] must be added to the registration fee and collected. Registration of an aircraft in the name of the applicant for the year immediately preceding the year for which application for registration is made shall be prima facie evidence that the aircraft has been based in this state during the year for which application for registration is made.

~~{2}--Except-for-aircraft-exempt-from-property--taxation as--provided--in--15-6-2107--an-application-for-registration shall-be-accompanied-by--a--copy--of--the--receipt--for--or statement--of--personal--property--tax--paid,--signed-by-the treasurer-of-the-county-where-the-aircraft-is-registered,--or a-statement-of-lien-assignment-against-real-property,--signed~~

1 ~~by the county assessor where the aircraft is registered. A~~
 2 ~~person who pays personal property tax on his aircraft to any~~
 3 ~~jurisdiction other than the county where the aircraft is~~
 4 ~~required to be registered is liable for the tax in that~~
 5 ~~county without credit for such other taxes paid. In addition~~
 6 ~~to this civil liability, a person who attempts to establish~~
 7 ~~the situs of his aircraft in any jurisdiction other than the~~
 8 ~~county where the aircraft is required to be registered with~~
 9 ~~intent to avoid payment of taxes to that county commits the~~
 10 ~~offense of false swearing as defined in 45-7-202.~~

11 {3}(2) A person who owns or causes or authorizes an
 12 aircraft to be operated or who operates an aircraft required
 13 to be registered in the state without having displayed upon
 14 such aircraft a certificate of registration issued by the
 15 department for that aircraft commits a misdemeanor."

16 NEW SECTION. Section 11. Codification instruction.
 17 Sections 1 through 4 are intended to be codified as an
 18 integral part of Title 67, chapter 3, part 2, and the
 19 provisions of Title 67, chapter 3, apply to sections 1
 20 through 4.

21 NEW SECTION. Section 12. Repealer. Section 15-6-210,
 22 MCA, is repealed.

23 NEW SECTION. Section 13. Applicability. This act
 24 applies to taxable years beginning after December 31, 1987,
 25 and to aircraft registered on or after January 1, 1988.

1 NEW SECTION. Section 14. Extension of authority. Any
 2 existing authority of the department of commerce or the
 3 department of revenue to make rules on the subject of the
 4 provisions of this act is extended to the provisions of this
 5 act.

-End-

MONTANA LEGISLATIVE COUNCIL BILL STATUS SYSTEM
FINAL COMMITTEE REPORT OF REFERRED BILLS
COMMITTEE--(S) TAXATION

PAGE NBR..... 245
RUN TIME 08:32
RUN DATE.... 04/22/87

CHAIRMAN--SEN. GEORGE MCCALLUM
NORMAL SCHEDULE==> SITE: ROOM 413/415

DAYS: MON THRU FRI

TIME: 8:00 A.M.

SECRETARY-AGGIE HAMILTON

BILL NO	REFER DATE	HEARING DATE	CONSIDERATION DATES	COMMITTEE ACTION	REREFERRED TO COMM	DATE OUT
HB0436	4/10	4/11		CONCUR		4/11
RAMIREZ, JACK			REVALUE PROPERTY ANNUALLY FROM ON-SITE APPRAISAL OF 20% OF TAXABLE PROPERTY			
HB0457	2/16	3/23		CONCUR		3/27
BROWN, JAN			PAYMENT OF CURRENT AND PREVIOUS YEARS TAX OR FEE PRIOR TO REGISTRATION			
HB0512	3/16	3/24		CONCUR		3/24
REAM, BOB			IMPOSING A FEE IN LIEU OF TAX ON AIRCRAFT; EXEMPTING AIRCRAFT FROM PROP. TAX			
HB0513	2/19	3/19		CONCUR		3/19
DAILY, FRITZ			ALLOW PROCEEDS OF DISPUTED MINES TAX TO BE USED TO SECURE LOCAL BOND ISSUES			
HB0539	3/02	3/20		TABLED 4/6		
HOFFMAN, BOB			REVISING PROCEDURES FOR TAKING A TAX DEED FOR DELINQUENT PROPERTY TAXES			
HB0565	2/23	3/21		ADVERSE REPORT		3/24
PISTORIA, PAUL			NONEXEMPT STATUS FOR PRIVATE VEHICLES OPERATED FOR PROFIT & USED BY SCHOOL			
HB0583	3/04	3/20	3/24, 3/25	CONCUR AS AMENDED		3/27
DONALDSON, GENE			CONTINUE TO FUND PSC BY UTILITY FEES			
HB0606	3/04	3/23		CONCUR AS AMENDED		3/24
GLASER, BILL			CERTAIN LAND HELD BY COOPERATIVE ASSOCIATIONS IS TAX EXEMPT			
HB0617	3/23	3/30		CONCUR		3/30
VINCENT, JOHN			REVISING MARKET VALUE THRESHOLD FOR LOW-INCOME PROPERTY TAX RELIEF			
HB0634	2/21	3/21		ADVERSE REPORT		3/27
ELLISON, ORVAL			PROOF OF PERSONAL TAX PAYMENT FOR ISSUANCE OF SPECIAL MOBILE EQUIPMENT PLATE			
HB0658	3/21	3/26		CONCUR		3/27
MENAHAN, RED			PROVIDE FEE IN LIEU OF TAX FOR MOTORBOATS AND SAILBOATS 12 FEET OR LONGER			

MONTANA STATE SENATE

TAXATION COMMITTEE

50TH LEGISLATURE

COMMITTEE MEMBERS: Senator George McCallum, Chairman
 Senator Mike Halligan, V. Chairman
 Senator Al Bishop
 Senator Bob Brown
 Senator Bruce Crippen
 Senator Dorothy Eck
 Senator Tom Hager
 Senator Les Hirsch
 Senator Ray Lybeck
 Senator Joe Mazurek
 Senator Ted Neuman
 Senator Elmer Severson

STAFF ATTORNEY: Jim Lear

COMMITTEE SECRETARY: Aggie Hamilton

BOOK: 1 of 3

INCLUSIVE DATES: January

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 24, 1987

The forty-eighth meeting of the Senate Taxation Committee was called to order at 8:05 A.M. on March 24, 1987 by Chairman George McCallum in Room 413/415 of the Capitol Building.

ROLL CALL: All committee members were present.

CONSIDERATION OF HB 512: Representative Ream, House District 54, presented this bill to the committee. A copy of his written testimony is attached as Exhibit 1.

PROPOSERS: Mike Strand, Kalispell, a member of the Board of Aeronautics of the state of Montana, gave testimony in support of this bill. Ray Thompson, a member of the Aeronautics Board, requested that Mr. Strand say a few words for him. Mr. Thompson is the president of Semi-Tool, a nationwide industry. There is no market for his product in Montana. He maintains a small fleet of aircraft in Kalispell and travels to his offices on the east coast, Texas and California. He also brings potential customers into Kalispell. His aircraft is the key for maintaining his particular business. His annual fee would be somewhere in the neighborhood of \$70,000 a year. He does not have to base his aircraft in Montana at all. He has offices in others states, which gives him the opportunity to base those aircraft in other states to avoid the current method of taxation. He is a citizen of Montana and wants to pay his fair share of taxation and does support this bill. Mike Strand is President, operator, owner, of Strand Aviation. The taxation impact on aircraft in Montana is very heavy and moving the aircraft out of the state of Montana, would be exporting the revenue and tax base, the aircraft itself. If his aircraft leaves Montana, Montana would be losing the purchase of gasoline, parts and crewing of those aircraft in Montana. All of that goes out of state. They have to compete with out-of-state bidders on contracts for the Forest Service. Being based in Montana, they have to pay the tax for registration of their aircraft that people competing from out-of-state do not.

Mike Biggerstaf, President of Montana Aviation Trades Association, gave testimony in support of this bill. HB 512, if passed, keeps aircraft in Montana, jobs in

Montana and allows the aviation business in Montana to compete with operators in neighboring states. This bill is not revenue neutral but neither is the current law. If this bill is passed it will keep business in Montana.

John Dove, President of the Montana Pilots Association, gave testimony in support of this bill. There are 750 members of the Montana Pilots Association that are eagerly seeking support of this bill. They feel it will mean jobs for pilots that want to stay in Montana and work in Montana; jobs for pilots, mechanics, fixed base operators and many other related jobs.

John Crowley, Property Development Manager for Washington Corporation in Missoula, gave testimony in support of this bill. This corporation is involved in heavy construction and a large part of the annual revenue is derived from outside the state of Montana. It is necessary for his corporation to own aircrafts and at the present time they own two private jets that are in use virtually all the time. Commercial air travel in this state is extremely difficult and the nature of his business requires quick and easy access to jobs on the west and east coasts and other markets in Canada. One of their airplanes is 19 years old and they pay in excess of \$17,000 a year in annual taxes. They were able to get the taxes down to \$17,000 after appealing to the county and state appeal boards. The other airplane is 14 years old and they pay in excess of \$13,000. By comparison, in Idaho they would pay \$100 per plane versus what they are paying in Montana. They have to look at the possibility of establishing an aviation base in Idaho.

Steve Vold, General Manager of Aerotronics Inc., gave testimony in support of this bill. A copy of his written statement is attached as Exhibit 2.

Bill Rogers, representing the Montana Aviation Trades Helicopter Committee, gave testimony in support of this bill. The commercial operators of Montana need some relief or the 30% that remain will go the way of the other 70% and leave. Aircraft taxes are much too high compared to neighboring states. Aircraft operators from neighboring states are bidding contracts in our county for the Forest Service and it is impossible for us to compete against them.

Mike Rice, Transystems, Inc., gave testimony in support of this bill. He has been in Montana for 40 some years and they use incorporated aircraft to fly some 127,000 miles a year to principally remote areas. Unless something

like this bill passes, they will be out of the state before long. They will probably base their operation in Salt Lake where most of their people are now. He would urge that some consideration be given to the business person in Montana, who is attempting to maintain his headquarters in Montana while his business is elsewhere.

Bob Dorn, Chief Pilot, United Industries, gave testimony in support of this bill. If nothing is done in the state to lower the taxes, they will have to leave the state. The state is losing aviation and service support, we are losing jobs. We need an equitable tax.

Mike Ferguson, Administrator of the State Aeronautics Division, gave testimony in support of this bill. With the provisions provided in this bill, aeronautics would do an effective job of investment in Montana.

Steve Brown, representing the Montana Pilots Association and Montana Aviation Trades Association, gave testimony in support of this bill. This bill should be enacted for tax equity.

Guy Wilson, Lewistown, gave testimony in support of this bill. There is a common perception that farmers and ranchers fly around the sky endangering the neighbors and having fun. That is not the case. We use our airplanes as job items and they should be taxed as such. We don't mind paying our fair share of taxes. There are a number of owners of airplanes that do not register their airplanes and do not pay any tax on them at all. The rest of us are footing the bill for those people. This bill would help to stop that.

Bob Johnson, attorney, gave testimony in support of this bill. While the statute dealing with aviation taxes is straightforward, the Department of Revenue has preferred to construe it differently every year. This has resulted in tax appeals and potential lawsuits. If the law is changed, that will eliminate the problem.

Bill Bartlett, Sr. Manager for Operations and Safety, Corporate Air, furnished the committee with testimony in support of this bill, attached as Exhibit 3.

OPPONENTS: None.

QUESTIONS FROM THE COMMITTEE: Senator Mazurek asked Representative Ream if he considered something similar to Senator Smith's bill, an ad valorem tax based on 2% of market value

Senate Taxation
March 24, 1987
Page Four

Representative Ream said we did consider that. The fee schedule was set up in a similar bill last session.

Senator Mazurek asked if there was anyone else that could shed some light on why this was set up to go to a fee system.

Mike Rice said many alterations can be made in airplanes, and although it may be the same year, make and model, the appraised value increases substantially with each improvement made.

Senator Lybeck asked Guy Wilson if he had a percentage of the number of airplanes that are not registered and not paying any tax in the state of Montana.

Guy Wilson said he could make a guess of somewhere in the neighborhood of 10%.

John Dove said the number is almost 50% are not paying taxes. Whether those airplanes are being based in Idaho, although their registered address is in Montana, that is something that we do not know.

Senator Severson said he is the biggest opponent of a fee system that there is in the Senate and always has been. Many of you have testified that you are being over taxed. You are being taxed exactly the same as an agriculture tractor, a piece of furniture; exactly the same as that personal property.

John Dove said aircraft do not depreciate as everything else in class A property. An airplane 25 years old could have a current value that exceeds its new purchase price. The tax is regressive, it never goes away.

Senator Severson said if that is the case, if you were to sell that airplane could't you get that dollar value for that.

John Dove said every 11 years on that airplane you are buying it again from the state.

Senator Eck asked Greg Groepper if he could translate the fee charge into a tax, an ad valorem tax on wholesale value.

Greg Groepper said he does not have the people in the assessing offices with the knowledge of what a particular airplane is worth.

Senator McCallum asked if a fee system is deductible on income tax.

Greg Groepper said a fee system on cars is not deductible on federal income tax but an adjustment was made on Montana state income tax that allows them to be deductible.

Senator Severson said we are talking about putting cars on 2% of wholesale value and doing away with the fee system and now we are asking to put airplanes on a fee system.

Representative Ream said the beauty of this system is in the administration of it and the enforcement. This allows for simplicity and ease of administration.

Senator Severson asked why airplanes were any different than any other piece of equipment. They have a book value.

Representative Ream said all of the gear that can be added to an aircraft may be worth more than the value of the main airplane.

Representative Ream closed.

DISPOSITION OF HB 512: Senator Halligan made a motion that HB 512 BE CONCURRED IN. The motion carried with Senator Bishop opposed.

CONSIDERATION OF HB 714: Representative Connelly, House District 8, presented this bill to the committee. This bill requires for an adjustment for inflation to the income requirements applicable to the low-income property tax reduction provisions for owner-occupied residences. They now use this to adjust on motor vehicles as the procedure. It is based on the income and there is a schedule in the bill that shows how it is based.

PROPONENTS: None.

OPPONENTS: None.

QUESTIONS FROM THE COMMITTEE: Senator Halligan asked how this would tie with the Governor's low income elderly credit form.

Jim Lear said the Governor's bill would extend the residence credit for elderly to low income people, that is 15-30-171, and also in the Governor's bill it would increase in this section \$35,000 to \$80,000, which this bill does not do.

Senator Eck asked if the Governor's bill has an inflater provision.

ROLL CALLTAXATION

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 3-24-87

NAME	PRESENT	ABSENT	EXCUSED
SENATOR CRIPPEN	✓		
SENATOR NEUMAN	✓		
SENATOR SEVERSON	✓		
SENATOR LYBECK	✓		
SENATOR HAGER	✓		
SENATOR MAZUREK	✓		
SENATOR ECK	✓		
SENATOR BROWN	✓		
SENATOR HIRSCH	✓		
SENATOR BISHOP	✓		
SENATOR HALLIGAN, VICE CHAIRMAN	✓		
SENATOR McCALLUM, CHAIRMAN	✓		

Each day attach to minutes.

DATE March 24, 1987

COMMITTEE ON

Senate Taxation

VISITORS' REGISTER

HB'S 361, 666, 512, 714

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppos
Mike Rice	TRANSYSTEMS, INC.	HB 512	X	
John Lawton	City of Billings	HB 666	✓	
John Sample	M.A.T.A.	HB 512	✓	
Bob Doran	CORP Aviation	HB 512	✓	
John Crowley	Washington Corp	HB 512	✓	
Rick Jansons	Fixed Base Op	HB 512	✓	
Bob Howard	Howard + Assoc	HB 512	✓	
Michael Biggerstaff	M.A.T.A.	HB 512	✓	
Dina Wilhelm	M.P.A.			
Christopher Ethel	E.A.A.	HB 512	✓	
Steve Voss	Aerobics/M.A.T.A.	HB 512	✓	
John T. Dore	Montana Pilots Assn	HB 512	✓	
Paul Krieg	Philipsburg Mt	512	✓	
Marilyn Leeder	Helen-Mont. Flying Forum	512	✓	
Bob Becker	Butte mt.	512	✓	
Dale Warner	"	512	✓	
Burton D. Kingston	BUTTE MONT.	512	✓	
Mike Gustafson	Butte, Mont.	512	✓	
Robert Schaffner	Butte, Mont.	512	✓	
Shawn Egan	Butte-Silver Bow	666	✓	
John Francis	Butte mt	512	✓	
Russell J. Stanton	Great Falls	AB 512	✓	
Donna Sartin	Great Falls	512	✓	
Steve Brown	MPA/MATA	512	✓	
Jack Smith	Butte Mont	512		

MONTANA AVIATION TRADES ASSOCIATION
MONTANA PILOTS ASSOCIATION

SUMMARY OF TESTIMONY BEFORE THE SENATE TAXATION COMMITTEE ON HB512,
MARCH 24, 1987

House Bill 512 will result in everyone who owns an aircraft in Montana paying an equitable annual fee. This bill is much more than a revenue bill it addresses a very serious commerce issue, the ability of corporations to operate from Montana. Passage of this bill will:

1. Keep aircraft and jobs in Montana.
2. Allow aviation business in Montana to compete with operators in neighboring states.
3. Foster and promote additional aircraft to base in Montana.
4. Be equitable to all aircraft owners.
5. Be easier to enforce.

HB512 is not revenue neutral but neither is the current law. Aircraft are leaving the state and lowering the tax base. For example, the taxable value of aircraft in Cascade county has gone from \$662,000 in 1983 to \$356,000 in 1985. In Yellowstone county it went from \$1,419,000 in 1984 to 1,115,000 in 1985.

The legislature can take action now and by imposing realistic fees on aircraft keep the aircraft and jobs in Montana or do nothing and lose the revenue by losing the tax base.

HISTORY:

In 1978 an attempt was made to lower taxes on aircraft when the tax on Class 8 property was changed from 20% to the current 11%. At the same time the way aircraft were appraised was changed. This change increased the appraised value of aircraft by 268%. The net result was that in 1978, 180 fewer aircraft were on the tax rolls but the taxable value of those aircraft increased by more than 1-million dollars.

Department of Revenue figures show that the taxable value of aircraft has remained relatively unchanged since 1978, although there were 251 more aircraft paying taxes in 1985 than in 1978. This is the issue. Aircraft of higher value are being registered in adjoining states where registration and/or taxes are significantly lower.

<u>YEAR</u>	<u>NUMBER</u>	<u>APPRAISED VALUE</u>	<u>TAXABLE VALUE</u>
1975	1,400	\$12,343,952	\$2,468,781
1976	1,527	13,909,967	2,781,993
1977	1,708	16,637,630	3,327,526
1978	1,528	39,896,057	4,388,569
1979	1,520	40,613,239	4,467,456
1980	1,455	39,058,875	4,296,476
1981	1,515	44,695,436	4,916,503
1982	1,511	43,187,348	4,750,608
1983	1,410	42,416,996	4,624,342
1984	1,783	49,990,719	5,499,157
1985	1,789	41,829,770	4,601,855

SENATE TAXATION

EXHIBIT NO. 1

DATE 3-24-87

BILL NO. H.B. 512

PROBLEM WITH CURRENT TAX STRUCTURE:

Montana Businesses cannot compete: Operators bidding on contracts using aircraft based in adjacent states have a very real advantage over Montana operators.

Example 1. An operator using an turbine helicopter registered in Idaho, Oregon or Washington would have an operating cost of \$79 per hour less than the operator using a similar helicopter registered in Montana. (Based upon the the \$750,000 value of a Bell Jet Ranger flying 300 hours per year)

Example 2. A corporation operating a jet aircraft could save up to \$100,000 per year by basing that aircraft in Washington, Idaho or Oregon and flying it in and out of Montana.

Montana not only loses the taxes but it also loses the maintenance business on that aircraft plus the revenue provided by the two flight crew members if they lived in Montana. For every jet or large corporate aircraft that leaves Montana the state loses at least two jobs.

Depreciation: Aircraft, unlike any other items in Class 8, have a very slow depreciation rate. A person could own an aircraft for 10 or even twenty years without any relief from the tax burden.

Two diverse examples are the single engine Cessna 172 Skyhawk and the Gulfstream II corporate jet.

A seventeen year old Cessna 172 is today valued at 82% of its new value; and a seventeen year old Gulfstream is valued at 105% of its new value. (Source: General Aviation News - January 19, 1987)

The net effect is that under the current tax a owner buys his aircraft back from the state every 11 years.

Mobility of Aircraft: Aircraft can fly great distances in short periods of time. They do not have to be based in Montana. The savings to a company establishing their flight department in an adjoining state could well pay the operating costs of that flight department.

Washington, Oregon and Idaho which have adjoining borders recognized this when they set the fee or tax on aircraft which have simular net costs to owners.

For a new corporate jet the fee in Idaho would be about \$125 per year; in Oregon \$190; and in Washington \$130. That same aircraft could cost in excess of \$100,000 if based in Montana. (Source: Survey of aircraft

Taxation in Surrounding States conducted by the Montana Department of Aeronautics February 1986)

Current Tax Structure Inequitable: Currently only about 57% of Montana aircraft owners are paying taxes. Federal Aviation Administration records indicate that 3,800 aircraft are registered in Montana. Although some of these aircraft might have been sold or have left the state, the Department of Aeronautics estimates that there are between 3,000 and 3,200 aircraft in the state.

Department of revenue figures show that 1,825 aircraft were taxed last year.

Enforcement: Current law is not enforceable as evidenced by the fact that almost half of the aircraft registered in Montana are not being taxed and the cost of enforcement under current law is excessive considering the amount of tax generated. County assessors had to prepare for appeal hearings involving almost one third of the aircraft assessed last year.

HB512 transfers responsibility for enforcement from the Department of Revenue to the Department of Aeronautics. The Department of Aeronautics has access to the information necessary to find and bill current aircraft owners.

HB512 also provides for the paying of a fee by transient aircraft which will enable Montana businesses to compete on the same basis with out of state operators

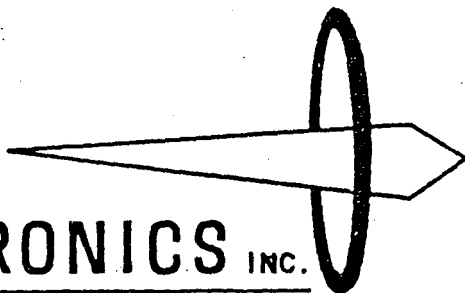
SENATE TAXATION

EXHIBIT NO. 1

DATE 3-24-87

BILL NO. H.B. 512

AEROTRONICS INC.



MEMBER

AIRCRAFT
ELECTRONICS
ASSOCIATION

FAA CERTIFIED STATION 3167
AREA CODE 406 PH. 259-5006
LOGAN FIELD
BILLINGS, MONTANA ZIP 59105

3-23-87

Senator George McCallum

Dear Senator:

I am writing you to urge your support for H.B. 512 " An act imposing a fee in lieu of tax on aircraft.

I own several Aircraft Avionics Repair Centers in Montana and had operations in Billings, Great Falls, and Missoula.

The amount of private and especially business owned aircraft leaving this state has cause a 40% loss of sales and service revenue and has resulted with the closure of our Great Falls office with a reduction of personnel in Missoula by one-half.

The most common comment of past aircraft owners and those in jeopardy of of relocating or selling their aircraft is "The unreasonable tax on the aircraft and a continuing depressed economy has caused unbearable fixed costs with little improvement in the future." These comments are common to the private and business General Aviation aircraft in Montana.

The high tax on aircraft is currently eroding our chance of survival in Montana. It more importantly is impairing any future development of General aviation. I again urge your enthusiastic support for the much needed tax relief provided in H.B. 512.

Sincerely,

AEROTRONICS, INC.

Steve Vold
General Manager

SENATE TAXATION

EXHIBIT NO. 2DATE 3-24-87BILL NO. H.B. 512

 **NARCO**
AVIONICS

ARC

Bendix


KING
Radio Corporation

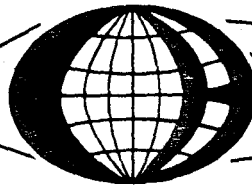

Genave


Rockwell
International

**RADIO AND NAVIGATION SYSTEMS AND SERVICE
BRANCHES IN GREAT FALLS AND MISSOULA, MONTANA**

STORMSCOPE

CORPORATE AIR



March 23, 1987

Mr. George McCallum, Chairman
Senate Taxation Committee
Capitol Station
Helena, MT 59620

Re: Senate Hearing on aircraft property taxes

Dear George,

Regretfully I am not able to appear before your committee to give testimony, but I must honor a prior commitment, in a neighboring state, that will bring more business to Montana.

Enclosed is a copy of the oral testimony that I gave at the hearing on HB 512 on February 16, 1987.

We at CORPORATE AIR are very concerned about the rising operating costs in the aviation industry and must find ways to reduce those costs in order to be competitive with commercial operators in neighboring states. Presently we have operators from as far away as California and Connecticut flying airfreight routes into and within Montana. Additionally, we must be competitive when we pursue work in neighboring states. We presently operate in seven states outside Montana with very good prospects to expand more in the near future, but we must be competitive in the marketplace. Every state that we can expand into means more outside dollars into Montana and a better economy at home.

Please help us in part by eliminating the property tax on commercial use aircraft.

If I may be of any other assistance to you or to any of your committee members, in any manner, either testimony or trade information, please feel free to call upon me.

Please find enclosed copies of this testimony for distribution to the other members of your committee.

Sincerely,

CORPORATE AIR

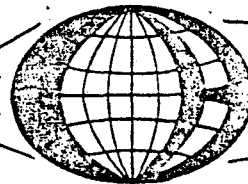
Bill Bartlett
Sr. Manager for Operations
and Safety

Corporate Offices
Logan International Airport
P.O. Box 30998
Billings, MT 59107-0998
Phone 406/248-1541

SENATE TAXATION
EXHIBIT NO. 3
DATE 3-24-87
BILL NO. H.B. 512

Helena Branch Office
2710 Airport Road
Helena, MT 59601
Phone 406/443-4543

CORPORATE AIR



TESTIMONY GIVEN BY BILL BARTLETT, SENIOR MANAGER FOR OPERATIONS,
CORPORATE AIR, BILLINGS/HELENA, MONTANA.

Corporate Air is an air taxi operating under FAR Part 135. We do not fly pleasure craft as would say a doctor, but rather the aircraft that we operate are tools of our trade. These aircraft are for the most part old aircraft, configured for freight and in many cases have an excess of 10,000 hrs. on the airframes. (The equivalent of circumventing the globe at the equator some 68 times.) Many were built in the early to mid 60's.

The taxes as assessed don't consider age, time on engines that have to be replaced every 1000 to 1500 hours for part 135 operations, nor does it consider that the majority of Corporate Air's aircraft have no plush interiors or fancy equipment in them, an \$8,000.00 to \$15,000.00 item. Believe me, we do not fly fancy state of the art aircraft. We fly aircraft to generate revenue. Merely freight trucks that go in the sky.

You must also consider the nature of our business. Most of the work done by Corporate Air is obtained through the bid process. For example, the mail routes that we fly have been awarded on a strickly low bid basis as has been our work for the Federal Reserve Bank and some of the small package carriers that we serve. We bid unsuccessfully on the MSO/HLN/BIL mail run and that revenue is going to Wyoming.

We feel we have the cost analysis down to a science and certainly don't go for outlandish profits, but rather to cover our direct operating costs plus overhead - our costs are simply too high.

Some of the expenses that we incur relating directly to aviation and paid to aviation entities are:

1. Landing Fees, \$7,000.00 per month
2. Fuel Flowage Fees, .04¢ gal. in Helena
.08¢ gal. in Billings

These fees are paid not only on sales but also on internal consumption.

3. Fuel Excise taxes, MFR and Retail

Corporate Offices

Logan International Airport

P.O. Box 30998

Billings, MT 59107-0998

Phone 406/248-1541

SENATE TAXATION

EXHIBIT NO. 3

DATE 3-24-87

BILL NO. 48512

Helena Branch Office

2710 Airport Road

Helena, MT 59601

Phone 406/443-4543

In addition we pay Property Tax on the facilities we operate in Billings and Helena in excess of \$9,000.00 per year. We also pay leases to both the cities of Billings and Helena of approximately \$125,000.00 per year. Corporate Air builds and supports Montana, by bringing new business to Montana and by creating Montana jobs. Corporate Air supports approximately 125 full time employees with an annual payroll in excess of 1.2 million dollars having an estimated impact of approximately \$8 million on the state and community. We purchase every item possible at the local level. We contribute to SUTA, Workers Compensation and Unemployment and pools many times greater than the amounts we draw on them.

We contribute through state and federal income taxes, the benefits of which are shared by both community and state alike.

We have registered the bulk of our equipment in Yellowstone County almost creating a windfall profit for the county, once again for the purpose of doing business at home.

We feel that aircraft used as tools of the trade are a far cry from those used for pleasure and should be taxed on a fee basis rather than on an Arbitrary Book value that may or may not, more than likely not, reflect a true and just market value, but rather an inflated trade in price at a geographic location other than in Billings, Montana.

We need your help with a reduction in our property taxes if we are continue to build our community and Montana. Consider that Burlington Northern moved, largely due to this same issue.

Aircraft are being moved out of state or hidden on farms, ranches and in small towns due to the excessive property taxes levied on the owners/operators.

The purchase of new aircraft in Montana is almost out of the question due to high taxes.(As indicated by Mr. Pickens testimony.)

When aircraft are moved out of state, Montana loses not only the tax/fee, but the revenues from fuel sales, maintenance, hangar rental, parking, and line services. These are all economy building jobs. Corporate Air operates in eight states, and in the past have done all of our maintenance in Montana (Billings

and Helena). In order to do that, we rotate our aircraft through the main facilities by assigning them to our Montana routes, thus registering and paying taxes on those aircraft. Ladies and Gentlemen, due to high tax rates we are being forced to open maintenance facilities in other states to keep the equipment out of Montana, supporting the economies of those other states, instead of Montana.

We fly 24,000+ hours per year and pay Montana taxes at the rate of \$3 to \$4 for each flight hour.

In 1986, we protested our property taxes and suggested a registration on a fee basis similar to buying a license plate for an automobile.

We urge you to give us and the commercial operators the help and relief we need. Lets build Montana together.

March 24,

19 87

MR. PRESIDENT

We, your committee on.....SENATE TAXATION

having had under consideration.....HOUSE BILL No. 512

third reading copy (blue)
color

BEAM (HALLIGAN)

IMPOSING A FEE IN LIEU OF TAX ON AIRCRAFT; EXEMPTING
AIRCRAFT FROM PROP. TAX

Respectfully report as follows: That.....HOUSE BILL No. 512

BE CONCURRED IN

DO PASS

DO NOT PASS

.....SENATOR GEORGE McCALLUM, Chairman.

HOUSE BILL NO. 512

INTRODUCED BY REAM, SCHYE, BRANDEWIE, GILBERT, KOLSTAD,
CRIPPEN, LYNCH

A BILL FOR AN ACT ENTITLED: "AN ACT IMPOSING A FEE IN LIEU
OF TAX ON AIRCRAFT OTHER THAN AIRLINES; EXEMPTING AIRCRAFT
OTHER THAN AIRLINES TAXABLE UNDER THE PROVISIONS OF
15-23-401 THROUGH 15-23-403, MCA, FROM PERSONAL PROPERTY
TAXATION; PROVIDING FOR COLLECTION AND DISTRIBUTION OF THE
FEE IN LIEU OF TAX ON AIRCRAFT; CHANGING THE PENALTY FOR
FAILURE TO REGISTER AN AIRCRAFT; AMENDING SECTIONS 15-6-138,
15-8-111, 15-24-304, 17-7-502, 67-3-201, AND 67-3-202, MCA;
REPEALING SECTION 15-6-210, MCA; AND PROVIDING AN
APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Registration application --
payment of fees -- deposit of fees. (1) The owner of an
aircraft subject to the fee in lieu of property tax must
submit an application for registration or registration
renewal to the department on or before March 1 of each year.
The application must be accompanied by the fee in lieu of
tax prescribed in [section 4].

(2) An aircraft subject to the fee in lieu of tax may
not be registered until payment of the fee is made to the

department.

(3) All fees paid to the department for registration
must be deposited to the account established in [section 3].

NEW SECTION. Section 2. Fee in lieu of tax on
registered aircraft -- decal. (1) Except as provided in
subsection (3), aircraft required to be registered in
Montana are subject to a license fee. The registration fee
is in lieu of property tax.

(2) The department shall issue a decal to the owner of
the aircraft required to be registered at the time of
payment of the registration fee in lieu of tax, as provided
in 67-3-201. No aircraft subject to a fee in lieu of tax may
be operated in this state unless there is displayed on the
aircraft a decal as visual proof that the fee in lieu of tax
has been paid for the aircraft and that the aircraft is
registered for the current year.

(3) Aircraft that meet the description of property
described in 15-6-147 are exempt from the fee imposed by
subsection (1). Aircraft subject to the fee in lieu of tax
are exempt from all other taxation.

NEW SECTION. Section 3. Aircraft registration account
-- source of funds -- allocation. (1) There is an account of
the--agency--fund-type, IN THE STATE SPECIAL REVENUE FUND to
which must be credited all money received from fees paid in
lieu of tax on aircraft as required in this part and

1 15-24-304 and all penalties collected for registration
2 violations as provided in 67-3-202.

3 (2) Money in the account is allocated as follows:

4 (a) 90% to the counties in the proportion that each
5 county's collections bear to the total collections
6 statewide; and

7 (b) 10% to the department for the purpose of
8 administering and enforcing aircraft registration.

9 (3) The allocations required in subsection (2)(a) must
10 be made twice annually by the department. The first
11 allocation must be made between March 15 and March 30 and
12 the second allocation must be made between July 1 and July
13 15.

14 (4) The allocation required in subsection (2)(b) must
15 be made on July 1 of each year.

16 (5) On receipt of the money allocated as provided in
17 subsection (2)(a), the county treasurer shall distribute the
18 money in the relative proportions required by the levies for
19 state, county, school district, and municipal purposes in
20 the same manner as personal property taxes are distributed.

21 (6) The allocations required in subsection (2) are
22 considered statutory appropriations as described in
23 17-7-502.

24 NEW SECTION. Section 4. Schedule of fees in lieu of
25 tax for aircraft. (1) The appropriate fee in lieu of tax

1 imposed on aircraft must be determined from the following
2 schedule:

	YEARS				
	0 - 5	6 - 10	11 - 20	21 - 30	31 - 40
3 Single engine, fixed gear, 200 horsepower and under					
4 300	175	100	50	25	
5 Single engine, fixed gear, over 200 horsepower					
6 500	250	150	75	50	
7 Single engine, retractable gear, 200 horsepower and under					
8 600	300	175	100	75	
9 Single engine, retractable gear, over 200 horsepower					
10 700	400	200	125	100	
11 Multi-engine, piston engine					
12 800	500	250	175	150	
13 Helicopter, piston engine					
14 700	450	225	150	125	
15 Single engine jet helicopter, prop jet					
16 1,500	700	450	300	175	
17 Multi-engine jet helicopter, prop jet					
18 2,000	1,000	600	400	200	
19 Jet engine, no propeller					
20 3,000	1,500	800	500	250	
21 (2) The fee in lieu of tax imposed on any glider, 22 ultralight, gyrocopter, balloon, homebuilt aircraft, 23 antiques, or any aircraft over 40 years old is \$20.					

Section 5. Section 15-6-138, MCA, is amended to read:

"15-6-138. Class eight property -- description -- taxable percentage. (1) Class eight property includes:

(a) all agricultural implements and equipment;

(b) all mining machinery, fixtures, equipment, tools, and supplies except:

(i) those included in class five; and

(ii) coal and ore haulers;

(c) all manufacturing machinery, fixtures, equipment, tools, and supplies except those included in class five;

(d) all trailers up to and including 18,000 pounds maximum gross loaded weight, except those subject to a fee in lieu of property tax;

~~(e) -- aircraft;~~

~~(f)~~(e) all goods and equipment intended for rent or lease, except goods and equipment specifically included and taxed in another class; and

~~(g)~~(f) all other machinery except that specifically included in another class.

(2) Class eight property is taxed at 11% of its market value."

Section 6. Section 15-8-111, MCA, is amended to read:

"15-8-111. Assessment -- market value standard -- exceptions. (1) All taxable property must be assessed at 100% of its market value except as provided in subsection

(5) of this section and in 15-7-111 through 15-7-114.

(2) (a) Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

(b) Except as provided in subsection (3), the market value of all motor trucks; agricultural tools, implements, and machinery; and vehicles of all kinds, including but not limited to ~~aircraft~~ and boats and all watercraft, is the average wholesale value shown in national appraisal guides and manuals or the value of the vehicle before reconditioning and profit margin. The department of revenue shall prepare valuation schedules showing the average wholesale value when no national appraisal guide exists.

(3) The department of revenue or its agents may not adopt a lower or different standard of value from market value in making the official assessment and appraisal of the value of property in 15-6-134 through 15-6-140 and 15-6-145 through 15-6-149, except:

(a) the wholesale value for agricultural implements and machinery is the loan value as shown in the Official Guide, Tractor and Farm Equipment, published by the national farm and power equipment dealers association, St. Louis, Missouri; and

(b) for agricultural implements and machinery not

1 listed in the official guide, the department shall prepare a
2 supplemental manual where the values reflect the same
3 depreciation as those found in the official guide.

4 (4) For purposes of taxation, assessed value is the
5 same as appraised value.

6 (5) The taxable value for all property in classes four
7 through eleven and fifteen through nineteen is the
8 percentage of market value established for each class of
9 property in 15-6-134 through 15-6-141 and 15-6-145 through
10 15-6-149.

11 (6) The assessed value of properties in 15-6-131
12 through 15-6-133 is as follows:

13 (a) Properties in 15-6-131, under class one, are
14 assessed at 100% of the annual net proceeds after deducting
15 the expenses specified and allowed by 15-23-503.

16 (b) Properties in 15-6-132, under class two, are
17 assessed at 100% of the annual gross proceeds.

18 (c) Properties in 15-6-133, under class three, are
19 assessed at 100% of the productive capacity of the lands
20 when valued for agricultural purposes. All lands that meet
21 the qualifications of 15-7-202 are valued as agricultural
22 lands for tax purposes.

23 (d) Properties in 15-6-143, under class thirteen, are
24 assessed at 100% of the combined appraised value of the
25 standing timber and grazing productivity of the land when

1 valued as timberland.

2 (7) Land and the improvements thereon are separately
3 assessed when any of the following conditions occur:

4 (a) ownership of the improvements is different from
5 ownership of the land;

6 (b) the taxpayer makes a written request; or

7 (c) the land is outside an incorporated city or town.

8 (8) The taxable value of all property in 15-6-131 and
9 classes two, three, and thirteen is the percentage of
10 assessed value established in 15-6-131(2), 15-6-132,
11 15-6-133, and 15-6-143 for each class of property.
12 (Subsections (3)(a) and (3)(b) applicable to tax years
13 beginning after December 31, 1985--sec. 4, Ch. 463, L. 1985.
14 Subsection (6)(d) and references in (8) to class thirteen
15 and 15-6-143 terminate January 1, 1991--sec. 10, Ch. 681, L.
16 1985.)"

17 Section 7. Section 15-24-304, MCA, is amended to read:

18 "15-24-304. Prorated taxes fee in lieu of tax --
19 aircraft. (1) A person who acquires an aircraft required to
20 be registered under subsections (2) through ~~(7)~~ (6) of
21 67-3-201 after March 1 in any year shall register the
22 aircraft within 30 days of acquiring it. ~~The county assessor~~
23 ~~shall--prorate the personal property tax due on the aircraft~~
24 ~~for the remaining portion of the year in the manner provided~~
25 ~~in 15-24-303.~~

(2) The fee in lieu of tax must be prorated for aircraft registered for a period less than 1 year in the same manner as personal property taxes are prorated in 15-24-303.

(3) A person failing to register an aircraft within 30 days following acquisition of the aircraft or bringing the aircraft into the state for commercial purposes is subject to the penalty provided in 67-3-202.

(4) A person owning a migratory aircraft shall register as prescribed in 67-3-201(5) and pay the fee in lieu of tax."

Section 8. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations:

- (a) 2-9-202;
- (b) 2-17-105;
- (c) 2-18-812;
- (d) 10-3-203;
- (e) 10-3-312;
- (f) 10-3-314;
- (g) 10-4-301;
- (h) 13-37-304;
- (i) 15-31-702;
- (j) 15-36-112;
- (k) 15-70-101;
- (l) 16-1-404;
- (m) 16-1-410;
- (n) 16-1-411;
- (o) 17-3-212;
- (p) 17-5-404;
- (q) 17-5-424;
- (r) 17-5-804;
- (s) 19-8-504;
- (t) 19-9-702;
- (u) 19-9-1007;
- (v) 19-10-205;
- (w) 19-10-305;

1 (x) 19-10-506;
 2 (y) 19-11-512;
 3 (z) 19-11-513;
 4 (aa) 19-11-606;
 5 (bb) 19-12-301;
 6 (cc) 19-13-604;
 7 (dd) 20-6-406;
 8 (ee) 20-8-111;
 9 (ff) 23-5-612;
 10 (gg) 37-51-501;
 11 (hh) 53-24-206;
 12 (ii) [section 3];
 13 {ii}{jj} 75-1-1101;
 14 {jj}{kk} 75-7-305;
 15 {kk}{ll} 80-2-103;
 16 {ll}{mm} 80-2-228;
 17 {mm}{nn} 90-3-301;
 18 {nn}{oo} 90-3-302;
 19 {oo}{pp} 90-15-103; and
 20 {pp}{qq} Sec. 13, HB 861, L. 1985.
 21 (4) There is a statutory appropriation to pay the
 22 principal, interest, premiums, and costs of issuing, paying,
 23 and securing all bonds, notes, or other obligations, as due,
 24 that have been authorized and issued pursuant to the laws of
 25 Montana. Agencies that have entered into agreements

1 authorized by the laws of Montana to pay the state
 2 treasurer, for deposit in accordance with 17-2-101 through
 3 17-2-107, as determined by the state treasurer, an amount
 4 sufficient to pay the principal and interest as due on the
 5 bonds or notes have statutory appropriation authority for
 6 such payments."

7 Section 9. Section 67-3-201, MCA, is amended to read:
 8 "67-3-201. Aircraft registration and licensing
 9 required. (1) Except as provided in 67-3-102 and in
 10 subsection {7} {6} of this section, a person may not operate
 11 or cause or authorize to be operated a civil aircraft within
 12 this state unless the aircraft has an appropriate effective
 13 registration, license, certificate, or permit issued or
 14 approved by the United States government which has been
 15 registered with the department and the registration with the
 16 department is in force.

17 (2) Aircraft customarily kept in this state shall must
 18 be registered on or before March 1 of each year with the
 19 department, which may must charge a fee therefor of-not-more
 20 than--\$10 according to the fee schedule in [section 4]. The
 21 registration shall must be renewed annually on or before
 22 March 1 each year.

23 (3) Section 67-3-202 and subsections (2) through {7}
 24 {6} of this section shall do not apply to:

25 (a) aircraft owned and operated by the federal

government, the state, or any political subdivision thereof;

(b) aircraft owned and held by an aircraft dealer solely for the purpose of resale;

(c) aircraft operated by an airline company and regularly scheduled for the primary purpose of carrying persons or property for hire in interstate or international transportation; or

(d) dismantled or otherwise nonflyable aircraft.

(4) An aircraft ~~shall~~ must be registered as property within in a particular county of the state. This county ~~shall~~ must be the county of the owner's principal residence, if the owner is a natural person, or the owner's principal place of doing business in the state, if the owner is not a natural person. However, if the owner declares by affidavit that the aircraft is customarily kept at a landing facility in another county within the state, he may register the aircraft as property within such other county.

~~{5}--Except-as-provided-in-15-6-210, all aircraft shall be subject to all state, county, and school district tax levies and all other levies designated for aircraft or airport-related uses. Such aircraft shall not be liable for other city tax levies.~~

~~{6}{5}~~ Aircraft not registered in the state but entering the state to engage in commercial operations shall be registered prior to commencing operation.

~~{7}{6}~~ Owners of ultralight aircraft for which no appropriate effective license, certificate, or permit is issued by the United States government shall pay the fee required in [section 4] and file with the department an appropriate registration recognized and approved by the United States government."

Section 10. Section 67-3-202, MCA, is amended to read:

"67-3-202. Penalty for registration violations. (1) When an aircraft required to be registered under the provisions of subsections (2) through ~~{7}~~ {6} of 67-3-201 is not registered on or before March 1 of the current calendar year, a ~~penalty fee of \$100 shall~~ penalty fee of five times the annual registration fee provided in [section 4] must be added to the registration fee and collected. Registration of an aircraft in the name of the applicant for the year immediately preceding the year for which application for registration is made shall be prima facie evidence that the aircraft has been based in this state during the year for which application for registration is made.

~~{2}--Except-for-aircraft-exempt-from-property-taxation as--provided--in--15-6-210,--an-application-for-registration shall-be-accompanied-by-a-copy-of-the-receipt-for-or statement-of--personal--property--tax--paid,--signed-by-the treasurer-of-the-county-where-the-aircraft-is-registered, or a-statement-of-lien-assignment-against-real-property, signed~~

1 by-the-county-assessor-where-the-aircraft-is--registered--A
 2 person-who-pays-personal-property-tax-on-his-aircraft-to-any
 3 jurisdiction--other--than--the--county-where-the-aircraft-is
 4 required-to-be-registered-is-liaible--for--the--tax--in--that
 5 county-without-credit-for-such-other-taxes-paid--In-addition
 6 to--this-civil-liability,-a-person-who-attempts-to-establish
 7 the-situs-of-his-aircraft-in-any-jurisdiction-other-than-the
 8 county-where-the-aircraft-is-required-to-be-registered--with
 9 intent--to-avoid-payment-of-taxes-to-that-county-commits-the
 10 offense-of-false-swearing-as-defined-in-45-7-202-

11 {3}(2) A person who owns or causes or authorizes an
 12 aircraft to be operated or who operates an aircraft required
 13 to be registered in the state without having displayed upon
 14 such aircraft a certificate of registration issued by the
 15 department for that aircraft commits a misdemeanor."

16 NEW SECTION. Section 11. Codification instruction.
 17 Sections 1 through 4 are intended to be codified as an
 18 integral part of Title 67, chapter 3, part 2, and the
 19 provisions of Title 67, chapter 3, apply to sections 1
 20 through 4.

21 NEW SECTION. Section 12. Repealer. Section 15-6-210,
 22 MCA, is repealed.

23 NEW SECTION. Section 13. Applicability. This act
 24 applies to taxable years beginning after December 31, 1987,
 25 and to aircraft registered on or after January 1, 1988.

1 NEW SECTION. Section 14. Extension of authority. Any
 2 existing authority of the department of commerce or the
 3 department of revenue to make rules on the subject of the
 4 provisions of this act is extended to the provisions of this
 5 act.

-End-